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<b>State:</b>	District of Columbia	<b>Filing Company:</b>	Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc.
<b>TOI/Sub-TOI:</b>	HOrg02I Individual Health Organizations - Health Maintenance (HMO)/HOrg02I.005D Individual - HMO		
<b>Product Name:</b>	2016 DC Individual Exchange Rate Filing		
<b>Project Name/Number:</b>	/		

## Filing at a Glance

Company:	Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc.
Product Name:	2016 DC Individual Exchange Rate Filing
State:	District of Columbia
TOI:	HOrg02I Individual Health Organizations - Health Maintenance (HMO)
Sub-TOI:	HOrg02I.005D Individual - HMO
Filing Type:	Rate
Date Submitted:	05/01/2015
SERFF Tr Num:	KPMA-130060461
SERFF Status:	Assigned
State Tr Num:	
State Status:	
Co Tr Num:	
Implementation	01/01/2016
Date Requested:	
Author(s):	Stephen Chuang
Reviewer(s):	John Morgan (primary), Damon Siler
Disposition Date:	
Disposition Status:	
Implementation Date:	
State Filing Description:	

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<b>State:</b>	District of Columbia	<b>Filing Company:</b>	Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc.
<b>TOI/Sub-TOI:</b>	HOrg02I Individual Health Organizations - Health Maintenance (HMO)/HOrg02I.005D Individual - HMO		
<b>Product Name:</b>	2016 DC Individual Exchange Rate Filing		
<b>Project Name/Number:</b>	/		

## General Information

Project Name:	Status of Filing in Domicile: Not Filed
Project Number:	Date Approved in Domicile:
Requested Filing Mode: Review & Approval	Domicile Status Comments:
Explanation for Combination/Other:	Market Type: Individual
Submission Type: New Submission	Individual Market Type: Individual
Overall Rate Impact:	Filing Status Changed: 05/04/2015
	State Status Changed:
Deemer Date:	Created By: Stephen Chuang
Submitted By: Stephen Chuang	Corresponding Filing Tracking Number:
	PPACA: Not PPACA-Related

PPACA Notes: null

Include Exchange Intentions: No

Filing Description:

This filing is for 2016 Individual plan rates for the Exchange.

## Company and Contact

### Filing Contact Information

Catherine Reifert, Manager	catherine.l.reifert@kp.org
2101 E. Jefferson	301-816-7346 [Phone]
Rockville, MD 20852	301-816-7346 [FAX]

### Filing Company Information

Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc.	CoCode: 95639	State of Domicile: Maryland
2101 E Jefferson St.	Group Code:	Company Type: Health
Rockville, MD 20852	Group Name:	Maintenance Organization
(301) 816-6867 ext. [Phone]	FEIN Number: 52-0954463	State ID Number:

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## Filing Fees

Fee Required? No

Retaliatory? No

Fee Explanation:

<b>State:</b>	District of Columbia	<b>Filing Company:</b>	Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc.
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## Rate Information

Rate data applies to filing.

**Filing Method:**

**Rate Change Type:** %

**Overall Percentage of Last Rate Revision:** %

**Effective Date of Last Rate Revision:**

**Filing Method of Last Filing:**

## Company Rate Information

Company Name:	Company Rate Change:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	Number of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc.	Decrease	-0.100%	8.800%	\$690,029	1,527	\$7,841,237	12.300%	2.800%

**State:** District of Columbia **Filing Company:** Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc.

**TOI/Sub-TOI:** HOrg02I Individual Health Organizations - Health Maintenance (HMO)/HOrg02I.005D Individual - HMO

**Product Name:** 2016 DC Individual Exchange Rate Filing

**Project Name/Number:** /

## Rate Review Detail

### COMPANY:

Company Name: Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc.

HHS Issuer Id: 94506

### PRODUCTS:

Product Name	HIOS Product ID	HIOS Submission ID	Number of Covered Lives
DC Individual Exchange	94506DC035		1713

Trend Factors:

### FORMS:

New Policy Forms: DC-DP-GOLD-0-20-DENTAL-HMO(01-16)HIX, DC-DP-STD-PLATINUM-0-20-DENTAL-HMO(01-16)HIX, DC-DP-SILVER-0-5-CSR-DENTAL-HMO(01-16)HIX, DC-DP-SILVER-0-15-CSR-DENTAL-HMO(01-16)HIX, DC-DP-STD-SILVER-0-5-CSR-DENTAL-HMO(01-16)HIX, DC-DP-STD-SILVER-0-15-CSR-DENTAL-HMO(01-16)HIX, DC-DP-CATASTROPHIC-6850-0-DENTAL-DHMO-COST(01-16)HIX, DC-DP-STD-BRONZE-4500-50-DENTAL-DHMO-COST(01-16)HIX, DC-DP-STD-SILVER-1500-25-CSR-DENTAL-DHMO-COST(01-16)HIX, DC-DP-STD-SILVER-2000-25-DENTAL-DHMO-COST(01-16)HIX, DC-DP-SILVER-1500-30-DENTAL-DHMO-COST(01-16)HIX, DC-DP-SILVER-1300-30-CSR-DENTAL-DHMO-COST(01-16)HIX, DC-DP-GOLD-1000-20-DENTAL-DHMO-COST(01-16)HIX, DC-DP-STD-GOLD-500-25-DENTAL-DHMO-COST(01-16)HIX, DC-DP-SILVER-2750-20%-HSA-DENTAL-HDHP-COST(01-16)HIX, DC-DP-SILVER-100-5%-CSR-HDHP-DENTAL-COST(01-16)HIX, DC-DP-SILVER-500-10%-CSR-HDHP-DENTAL-COST(01-16)HIX, DC-DP-SILVER-1400-20%-CSR-HDHP-DENTAL-COST(01-16)HIX, DC-DP-BRONZE-5000-50-HSA-DENTAL-HDHP-COST(01-16)HIX, DC-DP-BRONZE-6000-20%-HSA-DENTAL-HDHP-COST(01-16)HIX, DC-DP-STD-SILVER-0-5-CSR-DENTAL-HMO-RX(01-16)HIX, DC-DP-SILVER-0-5-CSR-DENTAL-HMO-RX(01-16)HIX, DC-DP-GOLD-0-20-DENTAL-HMO-RX(01-16)HIX, DC-DP-STD-PLATINUM-0-10-DENTAL-HMO-RX(01-16)HIX, DC-DP-STD-SILVER-0-15-CSR-DENTAL-HMO-RX(01-16)HIX, DC-DP-SILVER-0-15-CSR-DENTAL-HMO-RX(01-16)HIX, DC-DP-CATASTROPHIC-6850-0-DENTAL-DHMO-COST(01-16)HIX, DC-DP-STD-BRONZE-4500-50-DENTAL-DHMO-COST(01-16)HIX, DC-DP-STD-SILVER-1500-25-CSR-DENTAL-DHMO-COST(01-16)HIX, DC-DP-STD-SILVER-2000-25-DENTAL-DHMO-COST(01-16)HIX, DC-DP-SILVER-1500-30-DENTAL-DHMO-COST(01-16)HIX, DC-DP-SILVER-1300-30-CSR-DENTAL-DHMO-COST(01-16)HIX, DC-DP-GOLD-1000-20-DENTAL-DHMO-COST(01-16)HIX, DC-DP-STD-GOLD-500-25-DENTAL-DHMO-COST(01-16)HIX, DC-DP-SILVER-2750-20%-HSA-DENTAL-HDHP-COST(01-16)HIX, DC-DP-SILVER-100-5%-CSR-HDHP-DENTAL-COST(01-16)HIX

Affected Forms:

Other Affected Forms:

### REQUESTED RATE CHANGE INFORMATION:

Change Period: Annual

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<b>State:</b>	District of Columbia	<b>Filing Company:</b>	Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc.
<b>TOI/Sub-TOI:</b>	HOrg02I Individual Health Organizations - Health Maintenance (HMO)/HOrg02I.005D Individual - HMO		
<b>Product Name:</b>	2016 DC Individual Exchange Rate Filing		
<b>Project Name/Number:</b>	/		

Member Months:	20,558
Benefit Change:	Increase
Percent Change Requested:	Min: 2.8 Max: 12.3 Avg: 8.8

**PRIOR RATE:**

Total Earned Premium:	7,841,237.00
Total Incurred Claims:	6,317,685.00
Annual \$:	Min: 106.15 Max: 781.61 Avg: 314.49

**REQUESTED RATE:**

Projected Earned Premium:	8,531,266.00
Projected Incurred Claims:	6,873,641.00
Annual \$:	Min: 115.49 Max: 850.39 Avg: 342.17

<b>SERFF Tracking #:</b>	KPMA-130060461	<b>State Tracking #:</b>	<b>Company Tracking #:</b>
<b>State:</b>	District of Columbia	<b>Filing Company:</b>	Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc.
<b>TOI/Sub-TOI:</b>	HOrg02I Individual Health Organizations - Health Maintenance (HMO)/HOrg02I.005D Individual - HMO		
<b>Product Name:</b>	2016 DC Individual Exchange Rate Filing		
<b>Project Name/Number:</b>	/		

## Rate/Rule Schedule

SERFF Tracking #:

KPMA-130060461

State Tracking #:

Company Tracking #:

**State:** District of Columbia  
**TOI/Sub-TOI:** HOrg021 Individual Health Organizations - Health Maintenance (HMO)/HOrg021.005D Individual - HMO  
**Product Name:** 2016 DC Individual Exchange Rate Filing  
**Project Name/Number:** /

**Filing Company:** Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc.

Item No.	Schedule Item Status	Document Name	Affected Form Numbers (Separated with commas)	Rate Action	Rate Action Information	Attachments
1		2016 DC Individual Rate Sheet - Appendix I	DC-DP- SILVER-0-15-CSR-DENTAL-HMO-RX(01-16)HIX, DC-DP- SILVER-0-5-CSR-DENTAL-HMO-RX(01-16)HIX, DC-DP-BRONZE-5000-50-HSA-DENTAL-HDHP-COST(01-16)HIX, DC-DP-BRONZE-6000-20%-HSA-DENTAL-HDHP-COST(01-16)HIX, DC-DP-CATASTROPHIC-6850-0-DENTAL-DHMO-COST(01-16)HIX, DC-DP-GOLD-0-20-DENTAL-HMO(01-16)HIX, DC-DP-GOLD-0-20-DENTAL-HMO-RX(01-16)HIX, DC-DP-GOLD-1000-20-DENTAL-DHMO-COST(01-16)HIX, DC-DP-SILVER-0-15-CSR-DENTAL-HMO(01-16)HIX, DC-DP-SILVER-0-5-CSR-DENTAL-HMO(01-16)HIX, DC-DP-SILVER-100-5%-CSR-HDHP-DENTAL-COST(01-16)HIX, DC-DP-SILVER-1400-20%-CSR-HDHP-DENTAL-COST(01-16)HIX, DC-DP-SILVER-1500-30-CSR-DENTAL-DHMO-COST(01-16)HIX, DC-DP-SILVER-1500-30-DENTAL-DHMO-COST(01-16)HIX, DC-DP-SILVER-2750-20%-HSA-DENTAL-HDHP-COST(01-16)HIX, DC-DP-SILVER-500-10%-CSR-HDHP-DENTAL-COST(01-16)HIX, DC-DP-STD-BRONZE-4500-50-DENTAL-DHMO-COST(01-16)HIX, DC-DP-STD-GOLD-500-25-DENTAL-DHMO-COST(01-16)HIX, DC-DP-STD-PLATINUM-0-10-	Revised	Previous State Filing Number: KPMA-129592583 Percent Rate Change Request:	2016 DC Individual Rate Sheet - Appendix 1.pdf,

**SERFF Tracking #:**

KPMA-130060461

**State Tracking #:****Company Tracking #:**

**State:** District of Columbia  
**TOI/Sub-TOI:** HOrg02I Individual Health Organizations - Health Maintenance (HMO)/HOrg02I.005D Individual - HMO  
**Product Name:** 2016 DC Individual Exchange Rate Filing  
**Project Name/Number:** /

**Filing Company:** Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc.

			DENTAL-HMO-RX(01-16)HIX, DC-DP-STD-PLATINUM-0-20- DENTAL-HMO(01-16)HIX, DC- DP-STD-SILVER-0-15-CSR- DENTAL-HMO(01-16)HIX, DC- DP-STD-SILVER-0-15-CSR- DENTAL-HMO-RX(01-16)HIX, DC-DP-STD-SILVER-0-5- CSR-DENTAL-HMO(01- 16)HIX, DC-DP-STD-SILVER- 0-5-CSR-DENTAL-HMO- RX(01-16)HIX, DC-DP-STD- SILVER-1500-25-CSR- DENTAL-DHMO-COST(01- 16)HIX, DC-DP-STD-SILVER- 2000-25-DENTAL-DHMO- COST(01-16)HIX, DC-DP- PED-DENTAL(01-15)HIX			
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Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc.  
Rates effective January 1, 2016  
District of Columbia Individual Exchange  
Appendix I

	Platinum	Gold	Gold	Gold	Silver	Silver	Silver	Bronze	Bronze	Bronze	Catastrophic
Age	KP DC STD Platinum 0/20/Dental	KP DC Gold 0/20/Dental	KP DC STD Gold 500/25/Dental	KP DC Gold 1000/20/Dental	KP DC Silver STD 2000/25/Dental	KP DC Silver 1500/30/Dental	KP DC Silver 2750/20%/HSA/Dental	KP DC STD Bronze 4500/50/Dental/Ped	KP MD Bronze 5000/50/HSA/Dental/Ped	KP MD Bronze 6000/20%/HSA/Dental/Ped	KP DC Catastrophic 6850/0/Dental/P
20 and Under	\$254.08	\$238.50	\$228.17	\$231.28	\$192.45	\$189.60	\$166.53	\$148.62	\$148.05	\$136.97	\$128.22
21	\$282.44	\$265.12	\$253.64	\$237.08	\$213.94	\$210.76	\$185.12	\$165.21	\$154.57	\$152.26	\$132.52
22	\$282.44	\$265.12	\$253.64	\$237.08	\$213.94	\$210.76	\$185.12	\$165.21	\$154.57	\$152.26	\$132.52
23	\$282.44	\$265.12	\$253.64	\$237.08	\$213.94	\$210.76	\$185.12	\$165.21	\$154.57	\$152.26	\$132.52
24	\$282.44	\$265.12	\$253.64	\$237.08	\$213.94	\$210.76	\$185.12	\$165.21	\$154.57	\$152.26	\$132.52
25	\$282.44	\$265.12	\$253.64	\$237.08	\$213.94	\$210.76	\$185.12	\$165.21	\$154.57	\$152.26	\$132.52
26	\$282.44	\$265.12	\$253.64	\$237.08	\$213.94	\$210.76	\$185.12	\$165.21	\$154.57	\$152.26	\$132.52
27	\$282.44	\$265.12	\$253.64	\$237.08	\$213.94	\$210.76	\$185.12	\$165.21	\$154.57	\$152.26	\$132.52
28	\$289.04	\$271.32	\$259.57	\$242.63	\$218.94	\$215.69	\$189.45	\$169.07	\$158.18	\$155.82	\$135.62
29	\$295.26	\$277.15	\$265.15	\$247.85	\$223.65	\$220.33	\$193.52	\$172.71	\$161.59	\$159.17	\$138.54
30	\$302.64	\$284.08	\$271.78	\$254.04	\$229.24	\$225.83	\$198.36	\$177.03	\$165.63	\$163.15	\$142.00
31	\$310.41	\$291.37	\$278.76	\$261.56	\$235.12	\$231.63	\$203.45	\$181.57	\$169.88	\$167.34	\$145.65
32	\$317.40	\$297.94	\$285.04	\$266.43	\$240.42	\$236.85	\$208.03	\$185.66	\$173.70	\$171.10	\$148.93
33	\$324.78	\$304.87	\$291.67	\$272.63	\$246.01	\$242.36	\$212.87	\$189.98	\$177.74	\$175.08	\$152.39
34	\$332.55	\$312.16	\$298.64	\$279.15	\$251.90	\$248.16	\$217.97	\$194.53	\$182.00	\$179.27	\$156.04
35	\$340.32	\$319.45	\$305.62	\$285.67	\$257.78	\$253.96	\$223.06	\$199.07	\$186.25	\$183.46	\$159.68
36	\$348.09	\$326.75	\$312.60	\$292.20	\$263.67	\$259.75	\$228.15	\$203.62	\$187.65	\$184.65	\$163.33
37	\$355.86	\$334.04	\$319.58	\$298.72	\$269.55	\$265.55	\$233.24	\$208.16	\$194.75	\$191.84	\$166.98
38	\$360.14	\$338.05	\$323.41	\$302.31	\$272.79	\$268.74	\$236.04	\$210.66	\$197.09	\$194.14	\$168.98
39	\$364.41	\$342.06	\$327.25	\$305.89	\$276.03	\$271.93	\$238.85	\$213.16	\$199.43	\$196.45	\$170.99
40	\$378.79	\$355.56	\$340.16	\$317.96	\$286.91	\$282.66	\$248.27	\$221.57	\$207.30	\$204.19	\$177.73
41	\$393.55	\$369.42	\$353.42	\$330.35	\$298.10	\$293.67	\$257.94	\$230.20	\$215.38	\$212.15	\$184.66
42	\$409.09	\$384.00	\$367.37	\$343.40	\$309.87	\$305.27	\$268.13	\$239.29	\$223.88	\$220.53	\$191.95
43	\$425.02	\$398.95	\$381.68	\$356.77	\$321.93	\$317.15	\$278.57	\$248.61	\$229.12	\$225.60	\$199.42
44	\$441.72	\$414.63	\$396.68	\$370.79	\$334.59	\$329.62	\$289.52	\$258.38	\$241.74	\$238.12	\$207.26
45	\$458.82	\$430.68	\$412.03	\$385.14	\$347.53	\$342.38	\$300.72	\$268.38	\$251.10	\$247.34	\$215.28
46	\$476.69	\$447.46	\$428.08	\$400.14	\$361.07	\$355.71	\$312.43	\$278.84	\$260.88	\$256.97	\$223.67
47	\$495.34	\$464.96	\$444.82	\$415.79	\$375.20	\$369.63	\$324.66	\$289.74	\$271.08	\$267.02	\$232.42
48	\$514.76	\$483.19	\$462.27	\$432.10	\$389.91	\$384.12	\$337.39	\$301.11	\$277.50	\$273.50	\$241.53
49	\$534.96	\$502.16	\$480.41	\$449.06	\$405.21	\$399.20	\$350.63	\$312.92	\$292.77	\$288.39	\$251.01
50	\$555.94	\$521.85	\$499.25	\$466.67	\$421.10	\$414.85	\$364.38	\$325.20	\$304.25	\$299.70	\$260.85
51	\$577.70	\$542.27	\$518.79	\$484.93	\$437.58	\$431.09	\$378.64	\$337.92	\$316.15	\$311.42	\$271.06
52	\$600.23	\$563.42	\$539.02	\$503.84	\$454.65	\$447.90	\$393.41	\$351.10	\$328.49	\$323.57	\$281.64
53	\$623.54	\$585.30	\$559.96	\$523.41	\$472.30	\$465.29	\$408.69	\$364.74	\$341.24	\$336.14	\$292.57
54	\$648.02	\$608.28	\$581.94	\$543.96	\$490.84	\$483.56	\$424.73	\$379.05	\$354.64	\$349.33	\$304.06
55	\$673.27	\$631.98	\$604.61	\$565.15	\$509.97	\$502.40	\$441.28	\$393.82	\$368.46	\$362.94	\$315.91
56	\$699.69	\$656.78	\$628.34	\$587.33	\$529.98	\$522.12	\$458.59	\$409.28	\$382.92	\$377.18	\$328.30
57	\$726.88	\$682.31	\$652.76	\$610.16	\$550.58	\$542.41	\$476.42	\$425.19	\$397.80	\$391.84	\$341.06
58	\$755.24	\$708.93	\$678.23	\$633.96	\$572.06	\$563.57	\$495.01	\$443.32	\$407.13	\$401.13	\$354.37
59	\$784.77	\$736.64	\$704.74	\$658.75	\$594.43	\$585.40	\$514.36	\$459.05	\$423.05	\$416.88	\$368.22
60	\$815.46	\$765.45	\$732.30	\$684.51	\$617.67	\$608.51	\$534.47	\$477.00	\$440.27	\$433.99	\$382.62
61	\$847.32	\$795.35	\$760.91	\$711.24	\$641.81	\$632.28	\$555.35	\$495.63	\$456.77	\$450.74	\$397.56
62	\$847.32	\$795.35	\$760.91	\$711.24	\$641.81	\$632.28	\$555.35	\$495.63	\$456.77	\$450.74	\$397.56
63	\$847.32	\$795.35	\$760.91	\$711.24	\$641.81	\$632.28	\$555.35	\$495.63	\$456.77	\$450.74	\$397.56
64+	\$847.32	\$795.35	\$760.91	\$711.24	\$641.81	\$632.28	\$555.35	\$495.63	\$456.77	\$450.74	\$397.56

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<b>Product Name:</b>	2016 DC Individual Exchange Rate Filing		
<b>Project Name/Number:</b>	/		

## Supporting Document Schedules

<b>Satisfied - Item:</b>	Actuarial Justification
<b>Comments:</b>	
<b>Attachment(s):</b>	DC 2016 KPIF Actuarial Memorandum_v4_with Exhibits.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Satisfied - Item:</b>	Actuarial Memorandum
<b>Comments:</b>	
<b>Attachment(s):</b>	DC 2016 KPIF Actuarial Memorandum_v4_with Exhibits.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Satisfied - Item:</b>	Actuarial Memorandum and Certifications
<b>Comments:</b>	
<b>Attachment(s):</b>	DC 2016 KPIF Actuarial Memorandum_v4_with Exhibits.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Bypassed - Item:</b>	Certificate of Authority to File
<b>Bypass Reason:</b>	NA
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Bypassed - Item:</b>	Consumer Disclosure Form
<b>Bypass Reason:</b>	NA
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Satisfied - Item:</b>	Cover Letter All Filings
<b>Comments:</b>	
<b>Attachment(s):</b>	DC 2016 Individual Rate Filing Cover Letter.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>State:</b>	District of Columbia	<b>Filing Company:</b>	Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc.
<b>TOI/Sub-TOI:</b>	HOrg021 Individual Health Organizations - Health Maintenance (HMO)/HOrg021.005D Individual - HMO		
<b>Product Name:</b>	2016 DC Individual Exchange Rate Filing		
<b>Project Name/Number:</b>	/		

<b>Satisfied - Item:</b>	DISB Actuarial Memorandum Dataset
<b>Comments:</b>	
<b>Attachment(s):</b>	Kaiser Individual DISB Plain Language Summary.pdf 2016 Individual DISB Actuarial Memo Dataset - outgoing.xlsx 2016 Individual DISB Actuarial Memo Dataset - outgoing.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Bypassed - Item:</b>	District of Columbia and Countrywide Experience for the Last 5 Years (P&C)
<b>Bypass Reason:</b>	NA
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Bypassed - Item:</b>	District of Columbia and Countrywide Loss Ratio Analysis (P&C)
<b>Bypass Reason:</b>	NA
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Satisfied - Item:</b>	Unified Rate Review Template
<b>Comments:</b>	
<b>Attachment(s):</b>	Unified_Rate_Review_Template_2016_DC_KPIF_v1.pdf Unified_Rate_Review_Template_2016_DC_KPIF_v1.xlsm
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Bypassed - Item:</b>	2016 DISB Actuarial Memorandum Dataset
<b>Bypass Reason:</b>	In progress
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Bypassed - Item:</b>	District of Columbia Plain Language Summary
<b>Bypass Reason:</b>	In progress
<b>Attachment(s):</b>	
<b>Item Status:</b>	

<b>SERFF Tracking #:</b>	KPMA-130060461	<b>State Tracking #:</b>		<b>Company Tracking #:</b>	
<b>State:</b>	District of Columbia	<b>Filing Company:</b>	Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc.		
<b>TOI/Sub-TOI:</b>	HOrg02I Individual Health Organizations - Health Maintenance (HMO)/HOrg02I.005D Individual - HMO				
<b>Product Name:</b>	2016 DC Individual Exchange Rate Filing				
<b>Project Name/Number:</b>	/				
<b>Status Date:</b>					

SERFF Tracking #:

KPMA-130060461

State Tracking #:

Company Tracking #:

**State:** District of Columbia  
**TOI/Sub-TOI:** HOrg02I Individual Health Organizations - Health Maintenance (HMO)/HOrg02I.005D Individual - HMO  
**Product Name:** 2016 DC Individual Exchange Rate Filing  
**Project Name/Number:** /

**Filing Company:** Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc.

***Attachment 2016 Individual DISB Actuarial Memo Dataset - outgoing.xlsx is not a PDF document and cannot be reproduced here.***

***Attachment Unified\_Rate\_Review\_Template\_2016\_DC\_KPIF\_v1.xlsm is not a PDF document and cannot be reproduced here.***

Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc.

**District of Columbia**

**2016 Direct Payment (Personal Advantage) Rate Filing**

**HIOS Issuer ID: 94506**

**HIOS Product ID 94506DC039**

**Form Numbers: DC-DP-SILVER-0-15-CSR-DENTAL-HMO-RX(01-16)HIX, DC-DP-SILVER-0-5-CSR-DENTAL-HMO-RX(01-16)HIX, DC-DP-BRONZE-5000-50-HSA-DENTAL-HDHP-COST(01-16)HIX, DC-DP-BRONZE-6000-20%-HSA-DENTAL-HDHP-COST(01-16)HIX, DC-DP-CATASTROPHIC-6850-0-DENTAL-DHMO-COST(01-16)HIX, DC-DP-GOLD-0-20-DENTAL-HMO(01-16)HIX, DC-DP-GOLD-0-20-DENTAL-HMO-RX(01-16)HIX, DC-DP-GOLD-1000-20-DENTAL-DHMO-COST(01-16)HIX, DC-DP-SILVER-0-15-CSR-DENTAL-HMO(01-16)HIX, DC-DP-SILVER-0-5-CSR-DENTAL-HMO(01-16)HIX, DC-DP-SILVER-100-5%-CSR-HDHP-DENTAL-COST(01-16)HIX, DC-DP-SILVER-1400-20%-CSR-HDHP-DENTAL-COST(01-16)HIX, DC-DP-SILVER-1500-30-CSR-DENTAL-DHMO-COST(01-16)HIX, DC-DP-SILVER-1500-30-DENTAL-DHMO-COST(01-16)HIX, DC-DP-SILVER-2750-20%-HSA-DENTAL-HDHP-COST(01-16)HIX, DC-DP-SILVER-500-10%-CSR-HDHP-DENTAL-COST(01-16)HIX, DC-DP-STD-BRONZE-4500-50-DENTAL-DHMO-COST(01-16)HIX, DC-DP-STD-GOLD-500-25-DENTAL-DHMO-COST(01-16)HIX, DC-DP-STD-PLATINUM-0-10-DENTAL-HMO-RX(01-16)HIX, DC-DP-STD-PLATINUM-0-20-DENTAL-HMO(01-16)HIX, DC-DP-STD-SILVER-0-15-CSR-DENTAL-HMO(01-16)HIX, DC-DP-STD-SILVER-0-15-CSR-DENTAL-HMO-RX(01-16)HIX, DC-DP-STD-SILVER-0-5-CSR-DENTAL-HMO(01-16)HIX, DC-DP-STD-SILVER-0-5-CSR-DENTAL-HMO-RX(01-16)HIX, DC-DP-STD-SILVER-1500-25-CSR-DENTAL-DHMO-COST(01-16)HIX, DC-DP-STD-SILVER-2000-25-DENTAL-DHMO-COST(01-16)HIX, DC-DP-PED-DENTAL(01-15)HIX**

## Actuarial Memorandum

I, John Xu, an Actuary for Kaiser Foundation Health Plan, Inc. (KFHP) am a member of the American Academy of Actuaries. I meet the qualification standards for certifying Regulatory Filings for Rates and Financial Projections for Health Plans. This Actuarial Certification applies to the attached filing for an approval of premium rates for Personal Advantage, the Direct Payment program sold on the individual exchange. This actuarial memorandum documents the assumptions and sources of data pertaining to the development of Kaiser premium rates effective January 1, 2016. It is intended to comply with the requirements outlined in the DC Health Benefit Exchange Authority's *2016 Carrier Reference Manual* (April 2015, Version 1). It is not intended for any other purpose.

KFHP an HMO company and offers traditional HMO copayment plans covering medical and pharmacy claims expenses. KFHP also offers Deductible and High Deductible plans, some of which are HSA qualified. For the purposes of regulation, these are all HMO products.

KFHP will market products to the Individual and Small Group markets through Direct Sales channels and Broker arrangements, as well as on the District of Columbia Marketplace (aka the Exchange). The products are guaranteed issue and guaranteed renewable.

This rate filing applies to forms that are open to new sales and renewals. This filing does not cover grandfathered plans that existed prior to March 23, 2010.

I am the primary contact for this filing. My telephone number is 301-816-6349 and my email address is John.A.Xu@kp.org. Please also include Sheila Schroer on correspondence related to this filing, her email address is Sheila.A.Schroer@kp.org.

### Proposed Rate Increases

The percent increase in the Market Adjusted Index Rate from 2015 to 2016 is -0.1%. The drivers of that change are shown in the table below, which contains all the components of the Market Adjusted Index Rate calculation. The numbers shown are the ratio of the 2016 to the 2015 factor, so a 1.000 indicates no impact on the rate change.

Source of Change	2016/2015
Based Period Experience	0.962
Base Period Util Copay	1.007
Pricing Trend	1.000
Morbidity Adjustment	0.945
Risk Adjustment Recoveries	1.053
Pent Up Demand	1.000
Reinsurance Recoveries	1.044
Reinsurance Premium	0.997
Average Age Impact	1.001
Additional EHB	0.995
Exchange Fee	1.000
Fixed Cost Adjustment	1.000
<b>Total Market Adjusted Index Rate Change</b>	<b>99.90%</b>

Plan level rate changes are shown in row 25 of Worksheet II in the URRT.

## Experience Period Claims

### *Base period data:*

The Revenue Requirement for 2016 for the new ACA plans is developed by accumulating District of Columbia-specific medical and administrative expenses for essential health benefits (EHB) for non-grandfathered business in the Child-Only, Conversion, Dues Subsidy, ACA plans and Small Group lines of business incurred in 2014 including the incurred but not reported estimates for external expense. Allowed cost data from internal costs, fee for service claims, and prescription drug claims are trended to 2016. Allowed claims for internal services are allocated costs for medical services delivered within our integrated delivery system while allowed claims for external expenses are calculated as estimated incurred plus member cost sharing.

### *Capitations:*

KFHP has contracted with a dental provider to provide dental care to KFHP members. KFHP pays the provider a fixed capitation of \$1.15 PMPM to cover adult preventative. The \$1.15 PMPM is part of the base period allowed amount, shown in Exhibit 2. It is then removed as a non-Essential Health Benefit in Exhibit 3. Finally, this benefit is added back as part of the non-EHB adjustment in Exhibit 10.

### *Incurred Estimates on External Expense:*

A common reserve tool developed and maintained by KFHP Actuarial Services is used to set KFHP's IBNR reserves. KFHP's common reserve tool uses historical claim lag averages to project anticipated future payments. IBNR levels are set for line of business and service line breakouts. Note that the IBNR applies only to KFHP's external allowed costs. Most of KFHP's expenses are internal costs, which are allocated and immaterial reporting lag.

The completion factors used to complete the base period external claims are taken from the KFHP's overall commercial line of business by type of service. The claims are incurred in 2014 and paid through 1/31/2015.

### *Premium:*

Premium was captured for calendar year 2014 for all members in the base period single (combined Small Group and Individual) pool. There were no MLR rebates for these members in this period. For Dues Subsidy members, the whole premium was captured and not just the portion paid by the member.

## Part I Unified Rate Review Template

### *Base Period Experience:*

The base period experience in Worksheet 1 Section I and in Worksheet 2 Section III is the combined experience of the Small Group and Individual markets. The Index Rate of the Experience Period in cell G17 is taken from Exhibit 1 line 3. It is the per member per month allowed claims less non-essential health benefits from the base period. Therefore, it represents the average age of the members in the risk pool. The Index Rate for the Projection period, discussed below, is taken from Exhibit 1 Line 21.

### *Benefit Categories:*

The benefit categories in Section II of Worksheet I are mapped based on type of service and place of treatment codes. For example:

Benefit Category	Services
Inpatient Hospital	Inpatient Facility, Inpatient Visits (Rounding), Inpatient Surgery - Non Maternity, Maternity
Outpatient Hospital	Outpatient Facility, Emergency/Urgent Care, Hospital Outpatient Other Professional, Outpatient Surgery



Professional	Diagnostic Services, Office Visits, Cardiovascular, Chemotherapy/Pharmacy, Dialysis, PT/OT/ST
Other Medical	Other Services
Capitation	Adult Preventive Dental
Prescription Drug	Pharmacy

*Morbidity and Other Adjustments:*

The morbidity adjustments in Section II Worksheet 1 are developed from rows (14) in the attached Exhibit 1 and reflect the morbidity in the single risk pool (Small Group and Individual combined) of our expected 2016 membership. The development of these factors along with the documentation of these assumptions is included in Exhibit 7.1-7.3.

The “Other” adjustment in Section II Worksheet I is an adjustment to reflect that family contracts are limited to three dependents in 2016.

Included in the “Other” adjustment is the base period utilization copay effect from Exhibit 4. The adjustment is necessary to convert the base period experience from an average plan allowed amount to the allowed amount for the reference plan. “Other” also includes additional EHB benefits in the projection period.

All the factors discussed above in the Morbidity and Other Adjustments are based on Small Group and Individual experience combined.

*Paid to Allowed Ratio:*

The Paid to Allowed Average Factor in the Projection Period in Section III of Worksheet I is an average plan factor for the plans listed in Worksheet II. It represents the change from the average benefit plan allowed amount to the average paid amount across the 2016 plans based on weightings in Worksheet 2 of the URRT.

The factor in cell v33 in Worksheet I of the URRT is calculated by weighting the plan design factors in Exhibit 10 by the projected members and allowed costs by plans in rows 81 and 100, respectively, of Worksheet II of the URRT.

*Estimated Average Annual Premium per Policy:*

The estimated average annual premium per policy based on the URRT and SERFF data included in the filing is \$4,289.84

**Risk Adjustment**

Exhibit 7.1-7.3 documents the development of the Risk Adjustment index rate factor. The index rate is adjusted to reflect the expected change in morbidity of the members covered by these plans relative to the members in the base period data. It is also adjusted to reflect the risk adjustment receipts anticipated in the rating period based on the expected risk profile relative to the market of the Individual line only based on DISB guidance.

Assumptions are documented regarding the current relative morbidity of KFHP’s population along with the expected morbidity of the future market relative to KFHP. Growth assumptions for the market as a whole and KFHP specifically are used to calculate KFHP’s 2016 expected relative morbidity to the market. This value is used to determine the expected risk adjustment impact to the index rate.

**Reinsurance**

An adjustment is made to the index rate to reflect reinsurance recoveries, which in 2016 is 50% of all claims dollars between \$90,000 and \$250,000 per claim. Because of the small membership in DC and resulting lack of credible experience, the adjustment factor was developed using trended base period claims for KFHP Mid Atlantic States

(MAS) region as a better representation of the expected claims distribution in the projected period. The development of the adjustment factors is shown in Exhibit 8.

As required by instructions, the contribution to the Federal transitional reinsurance program is netted against the reinsurance recovery described above in the development of the index rate and is not included in the administrative expense. The development of this adjustment is also shown in Exhibit 8.

### **Administrative Expense**

Retention includes broker commissions, administrative expenses and capital contribution. Commissions are paid to Brokers of Record. The capital contribution is an amount needed to maintain and expand Kaiser's medical center facilities where members receive the majority of their health care.. As a group model HMO, Kaiser owns a significant portion of the health care delivery system. In other health care delivery models, capital contributions are included in fee for service payments, whereas for Kaiser these are funded through premium rates.

### **Profit and Risk Margin**

As mentioned above, the capital contribution of 2.5%, shown in Exhibit 9, is an amount to maintain and expand Kaiser's medical center facilities where members receive the majority of their healthcare.

### **Taxes and Fees**

Administrative expenses have been adjusted to reflect the federal PCORI tax and the federal health insurance provider tax that will apply in 2016. The amount is shown as percent in Exhibit 9. Also, a market wide factor is added to the Index Rate development in Exhibit 1 Line 19.

### **Projected Loss Ratio**

Based on a target admin percentage of 21.4%, which includes a 2.5% capital contribution margin, we anticipate an MLR based on federally prescribed methodology to be at least 81.5%. The ultimate MLR would be expected to be slightly higher due to the allowed adjustments to both claims and premium in the federally prescribed methodology.

### **Market Adjusted Index Rate**

The development of the index rate is summarized in Exhibit 1 and is based on combined experience of non-grandfathered Individual and Small Group experience as described above. The following factors along with Risk Adjustment and Reinsurance described above have been considered in the development and are documented below.

#### *Utilization copayment effect adjustment:*

Allowed claims are grossed up for anticipated changes in the average utilization of services due to average cost sharing requirements in the base period. Member cost sharing results in lower utilization and, thus, lower allowed costs, than would otherwise occur in a zero cost share environment. An estimate based on industry standard factors has been made at the plan level to adjust our base period data to what would have been expected in a zero cost share environment in order to normalize for the utilization copayment effect. These adjustments are documented in Exhibit 4.

#### *Demographic Adjustment:*

The Demographic Adjustment shown in Exhibit 5 represents the expected change in the average member age from the base period to the projection period. We have assumed that the average age in the projection period is unchanged from the base period. However, due to slight difference in the average age between the Individual and Small group, there is a small change in the combined average age because of different growth in the Individual and Small Group members.

#### *Embedded Pediatric Dental Adjustment:*

KFHP is embedding pediatric dental benefits into its 2016 plans. KFHP will pay a dental provider a fixed per child per month capitation. Exhibit 14 shows the assumptions and development of the index rate adjustment factor to reflect the capitation on a per member per month basis by adjusting the index rate.

### *Trend:*

The future trend numbers are based on actuarial judgment considering a mixture of expected industry trends, future fixed costs, and expected internalization of services. As an integrated health care provider, a large portion of KFHP's expenses are the fixed costs associated with providing medical care through our centers. Therefore, the projected cost that is included in our total revenue requirement is largely based on budgeting. For traditional carriers, projected claims trends are developed to project expected costs. However, given KFHP's fixed cost structure, KFHP's projected claims trends fall out of the development of projected budgeted costs. For 2014 to 2016, our projected total annualized medical expense trend for Individual is 3.5% and is shown in Exhibit 6 of our filing.

### **Alternative AV Calculations**

The AV calculator does not have an option for outpatient facility copay. To calculate the impact on the actuarial value of the plan for this benefit we used the alternate method described in 156.135 (b)(2). KFHP requested from a major actuarial consulting firm the national average allowed amount for outpatient facility costs in 2014. We have updated the national average allowed amount for the 2016 rate filing. To determine AVs for plans outpatient facility copays, we propose an OP Copay Converter to be used with the AV calculator. To create this converter, we compared the copay amount to the estimated average national OP facility allowed amount to calculate the implied coinsurance % for OP procedures. This coinsurance should only be applied to the OP facility cost and not the OP professional cost, which should be covered at 100%. I certify the calculation to be actuarially sound.

Plan designs have been changed to waive primary office visit copays for children younger than five. As the AV calculator does not have an adjustment to account for this benefit, we lowered the copay amount 16% by multiplying the actual copay by a factor of 0.84. For example, a \$20 primary office visit copay is entered as \$16.80. The 16% adjustment is based on KFHP data (as a proxy for a standard population). Primary care utilization was divided between children under five and all other members. The data showed 16% of primary care visits were attributed to children under five. I certify the calculation to be actuarially sound.

### **AV Pricing Values**

The rates for specific plans are calculated by multiplying plan factors times the index rate. The plan factors use industry standard data in a model from a national actuarial consulting firm, calibrated to KFHP experience to calculate the impact of the various cost share and plan elements for EHBs, including utilization copayment effect. The reference plan used as the basis for the AV pricing values is a \$0 cost share plan valued using the same industry standard factors described above.

Exhibit 10 indicates the portion of the AV Pricing Value that is attributable to each of the allowable modifiers to the Index Rate. The plan factor shown in Exhibit 10 reflects both member cost shares and the resulting dampening of expected utilization due to those cost shares.

The rates for the catastrophic plan were calculated by multiplying the plan factor, non-EHB adjustment, age factors, smoker factors for smoker rates and the administrative expense factor by a modified index rate. Because the small and individual pools are combined in 2016, we could not use the methodology to estimate the catastrophic index rate we had developed for other jurisdictions where the pools were separate. Therefore, we have used the modeled impact from these other jurisdictions as a guide. We have adjusted the index rate lower by 10% to represent the expected average cost per member.

### **Age Factors**

The age factor table used to develop age specific rates is the standard table provided by DISB.

Exhibit 12 shows the development of the age calibration factor. The development starts with the average age in the projection period from Exhibit 5. That age is rounded to the nearest age and the age factor is pulled from the DISB age curve. As described in the Actuarial Memorandum instructions, the ratio of the age factor for the nearest rounded age to the age factor for the average age in the projection period is the age calibration factor used in the rate development.

## **Non-EHB**

An adjustment has been made to the base period allowed amount to remove the Non-EHB benefits from the Index Rate. This multiplier was calculated by summing the allowed amount for Non-EHB benefits in the base period and adding the adult preventive dental capitation and then dividing by total allowed.

## **Additional URRT Items**

### *Membership Projections:*

The total membership projection included across new plans in Section II of Worksheet 2 is consistent with KFHP's expected market share of that growth. Detailed assumptions are presented and documented in Exhibit 7.1-7.3.

An assumption is made in Worksheet 2 as to the distribution of members by product based on KFHP's expected distribution of membership by metal level.

### *Terminated Plans:*

The list of terminated plans that are included in the column "Terminated Plans" in Worksheet I of the URRT are listed in Exhibit 2.

### *Warning Alert:*

There are no warning alerts in the URRT.

## **Summary Rate Calculation**

Exhibit 1 shows the development of the Market Adjusted Index Rate from the base period Medical Cost Data. The Plan Adjusted Index Rates are calculated using the Market Adjusted Index Rate and the allowable plan adjustment factors in Exhibit 10. The final 2016 Consumer Adjusted Premium Rates are developed by applying the age slope, age calibration to the Plan Adjusted Index Rates to generate age specific rates.

## **Exhibit Table of Contents:**

The following exhibits are included in this filing:

- Exhibit 1 – Market Adjusted Index Rate Calculation
- Exhibit 2 – Allowed Claims Development
- Exhibit 3 –Non-EHB Adjustments
- Exhibit 4 – Utilization Copayment Effect Adjustment
- Exhibit 5 – Demographic Adjustment
- Exhibits 6 – Trend Calculation
- Exhibits 7.1 - Risk Adjustment and Morbidity Development – Combined Small and Individual
- Exhibits 7.2 - Risk Adjustment and Morbidity Development – Individual Line of Business
- Exhibits 7.3 - Risk Adjustment and Morbidity Development – Small Group Line of Business
- Exhibit 8 – Reinsurance Adjustment Factor
- Exhibit 9 – Administrative Expense Adjustment
- Exhibit 10 – Plan Adjusted Index Rates Development
- Exhibit 11 - AV Calculator Values by Plan
- Exhibit 12 – Age Calibration
- Exhibit 13 – Age Factors
- Exhibit 14 – Embedded Pediatric Dental Adjustment Factor
- Appendix I - Rate Sheet

### **Certification**

This filing is in conformity with all applicable Actuarial Standards of Practice, including ASOP No. 8. To the best of my knowledge, the rating methodologies of Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc. and the development of the Index Rate comply with the applicable District and Federal Statutes and Regulations (45 CFR 156.80(d)(1). The percent of total premium that represents essential health benefits included in Worksheet 2, Sections III and IV were calculated in accordance with actuarial standards of practice. The index rate and only the allowable modifiers as described in 45 CFR 156.80(d)(1) and 45 CFR 156.80(d)(2) were used to generate plan level rates. The rating methodologies produce premiums that are reasonable in relation to benefits being provided and the populations being covered and are based on sound and commonly accepted actuarial principles and are neither excessive nor deficient.

A handwritten signature in black ink, appearing to read "John Xu", with a stylized flourish at the end.

John Xu, FSA, MAAA  
Actuarial Manager  
Kaiser Foundation Health Plan, Inc.  
5/1/2015

**Index Rate Development  
Summary Index Rate Calculation  
Exhibit 1**

			<u>Source</u>
(1)	Base Period Allowed	\$321.92	Exhibit 2
(2)	Non-EHB Claims Adjustment	0.983	Exhibit 3
(3)	Experience Period Index Rate	\$316.58	(1) * (2)
(4)	Product/Network Adjustment	1.000	
(5)	Adjusted Base Period Allowed	\$316.58	(3) * (4)
(6)	Base Period Utilization Adjustment	1.096	Exhibit 4
(7)	Projection Period Utilization Adjustment	0.906	
(8)	Demographic Adjustment	0.997	Exhibit 5
(9)	Product/Network Moribidity Adjustment	1.000	
(10)	Additional EHB (including Ped Dental)	1.007	Exhibit 14
(10)	Annualized Trend	3.5%	Exhibit 6
(11)	Months of Trend	24	
(12)	Trend Factor	1.071	$\{1 + (10)\}^{\{(11) / 12\}}$
(14)	Change in Morbidity	0.992	Exhibit 7
(15)	Contract Limit of 3 Children Factor	1.005	
(16)	Combined Projection Period Index Rate Prior to Separate Modifiers	336.41	(5) * (6) * (7) * (8) * (9) * (10) * (12) * (13) * (14) * (15)
(17)	Risk Adjustment	0.970	Exhibit 7
(18)	Reinsurance Recovery	0.972	Exhibit 8
(19)	Reinsurance Premium	1.010	Exhibit 8
(20)	Exchange fee	1.000	
(21)	Market Adjusted Index Rate	\$320.20	(16) * (17) * (18) * (19) * (20)

**Allowed Claims Development**  
**Exhibit 2**

Current Pool	Current Plans	Member Months	Total
Individual	All	20,558	\$320.97
Small Group	All	34,232	\$322.49
Grand Total		54,790	\$321.92

**Non-EHB Adjustments**  
**Exhibit 3**

Current Pool	Current Plans	Member Months	Non-EHB PMPM
Individual	All	20,558	\$5.34
Small Group	All	34,232	\$5.34
Grand Total		54,790	\$5.34

Multiplier to Remove Non-EHB [ 1 - (Non-EHB PMPM / Allowed PMPM)]	0.9834
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**Utilization Copayment Effect Adjustment**  
**Exhibit 4**

Current Pool	Current Plan	Member Months	Allowed Amount	Copay Impact
Individual	All	20,558	\$320.97	0.900
Small Group	All	34,232	\$322.49	0.920
Grand Total		54,790	\$321.92	0.913
Adjustment Factor is the Inverse of the Total				1.096

**Demographic Adjustment  
Exhibit 5**

		Member Months	Average Age Factor <sup>1</sup>	Weighed Average Age <sup>2</sup>
Experience Period	Individual	20558	1.0559	42.1
	Small Group	34232	0.9953	40.5
	Combined	54790	1.0180	41.1
Projection Period	Individual	31598	1.0559	42.1
	Small Group	68016	0.9953	40.5
	Combined	99614	1.0145	41.0
Demographic Factor			0.9965	

Average age factor based on CMS Age curve

Weighted Average Age = Interpolation on age curve of average age factor

**Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc.**  
**Exhibit 6**  
**Trend Calculation**

Category	Weight	2014 to 2016 Annualized Trend
Inpatient Hospital	20.6%	3.5%
Outpatient Hospital	16.1%	5.5%
Professional	46.2%	2.0%
Other	2.4%	3.5%
Prescription Drug	14.5%	6.0%
Capitation	0.3%	0.0%
Composite	100.0%	3.5%

**Risk Adjustment and Morbidity Development**  
**Exhibit 7.1**

**Development of Risk Adjustment Factor Applied to Index Rate**

	<u>Small</u>	<u>Individual</u>	<u>Total</u>
Average Members	5,668	2,633	8,301
Adjustment for change in risk in Kaiser membership	100.0%	97.5%	99.21%
Adjustment for risk adjustment recoveries	100.0%	97.0%	

**Risk Adjustment and Morbidity Development**  
**Exhibit 7.2**

**Current Risk Profile of Non-Grandfathered Kaiser members relative to current market**

	<u>CY 2013 Member Months</u>	<u>Morbidity</u>
(1) Non-Grandfathered Guaranteed Issue	12	1.401
(2) Non-Grandfathered Medically Underwritten and ACA plans	20,530	1.050
(3) Dues Subsidy	16	1.274
(4) Total	20,558	1.050

**Impact of projected membership to Kaiser risk profile in 2016 relative to current market**

	<u>Member Months</u>	<u>Morbidity</u>
(5) Current Members [from (4) above]	20,558	1.050
(6) Gender to Unisex Selection Adjustment	20,530	1.000
(7) Total Mobidity Change	20,558	1.050
(8) New Entrants previously uninsured	5,520	0.950
(9) Transfers from other carriers or other KP Segments	5,520	1.000
(10) Subtotal	31,598	1.024

**Impact to Current Market from all new entrants in 2016**

	<u>Member Months</u>	<u>Risk Relativity</u>
(11) Current Market	360,000	1.000
(12) Uninsured New Entrants	70,554	0.950
(13) Transfers from Group	70,554	1.000
(14) 2015 Market	501,108	0.993
(15) <b>Kaiser risk relativity to 2016 market</b> [ (10) / (14) ]		1.031
(16) Pent Up Demand Factor for New Entrants		1.000
(17) Adjustment for change in risk in Kaiser membership [ (10) / (4) ]		97.5%
(18) Adjustment for risk adjustment recoveries [ 1 / (15) ]		97.0%
(19) Adjustment for Pent Up Demand [ { (8) mems * (16) + (5) mems + (9) mems } / (10) mems ]		100.0%
(20) Risk Adjustment fee 1.75/12/ Average Baf / Plan Index Rate		1.0006
(21) Adjustment for net risk adjustment [(18) * (20)]		97.0%

**Risk Adjustment Factor  
Exhibit 7.3**

**Current Risk Profile of Non-Grandfathered Kaiser members relative to current market**

	<u>CY 2013 Member Months</u>	<u>Morbidity</u>
(1) Non-Grandfathered <sup>1</sup>	34,212	1.050

**Impact of projected membership to Kaiser risk profile in 2015 relative to current market**

	<u>Members Months</u>	<u>Morbidity</u>
(2) Current Members [from (4) above]	34,212	1.050
(3) New to Kaiser	3,048	1.000
(4) Subtotal	37,260	1.046

	<u>Member Months</u>	
(5) <b>2015 Market</b>	568,490	1.000
(6) <b>Kaiser risk relativity to 2015 market [ (4) / (5) ]</b>		1.046

**Development of Risk Adjustment Factor Applied to Index Rate**

(7) Adjustment for change in risk in Kaiser membership [ (4) / (1) ]	99.6%
(8) Adjustment for risk adjustment recoveries [ 1 / (6) ]	95.6%
(9) Total Adjustment [ (7) * (8)]	<b>95.2%</b>

<sup>1</sup> Current Kaiser portfolio is expected to be 1.05 to market.

**Kaiser Foundation Health Plan of Mid-Atlantic-States - DC**  
**Market: Individual**

**Exhibit 8**  
**Reinsurance Adjustment Factor**

MAS Individual Data  
Experience Period: January 2014 - December 2014 - Incurred Claims

(1) Claim Amt	(2) Count	(3) Avg	(4) Frequency	(5) Cumulative Frequency	(6) Exp Recoveries
0	0		0.00000	1.00000	-
1	26,362	1,541	0.95414	1.00000	-
10,000	708	15,347	0.02563	0.04586	-
20,000	220	26,537	0.00796	0.02023	-
30,000	99	38,270	0.00358	0.01227	-
40,000	71	48,458	0.00257	0.00869	-
50,000	47	60,243	0.00170	0.00612	-
60,000	20	71,447	0.00072	0.00442	-
70,000	24	83,678	0.00087	0.00369	-
80,000	12	93,515	0.00043	0.00282	1,758
90,000	8	105,302	0.00029	0.00239	7,651
100,000	11	115,606	0.00040	0.00210	12,803
110,000	7	125,732	0.00025	0.00170	17,866
120,000	8	136,674	0.00029	0.00145	23,337
130,000	3	147,655	0.00011	0.00116	28,828
140,000	4	161,071	0.00014	0.00105	35,535
150,000	2	171,329	0.00007	0.00090	40,665
160,000	2	182,901	0.00007	0.00083	46,450
170,000	3	188,817	0.00011	0.00076	49,408
180,000	2	203,957	0.00007	0.00065	56,979
190,000	1	214,325	0.00004	0.00058	62,163
200,000	4	226,500	0.00014	0.00054	68,250
210,000	1	232,416	0.00004	0.00040	71,208
220,000	0	0	0.00000	0.00036	-
230,000	0	0	0.00000	0.00036	-
240,000	2	269,723	0.00007	0.00036	80,000
250,000	8	467,706	0.00029	0.00029	80,000

a	Total Claims Count	27,629	Sum of column (2)
b	Average Claim	3,055.97	Sumproduct of columns (3) and (4)
c	Average Recovery	87.09	Sumproduct of columns (4) and (6)
d = c/b	Recovery as % of Incurred Claims	2.8%	
e	Recovery applied to index <sup>1</sup>	97.2%	
f	Assumed Average Benefit Factor	70%	
g	Reinsurance Premium - Monthly	\$2.25	
h=g/f	Gross up Reinsurance premium to allowed	\$3.21	
	Allowed Amount	\$336.41	
l = 1+h/i		1.010	

**Administrative Expense Adjustment - Individual**  
Exhibit 9

Retention Category	Percent of Retention
Claims Processing	2%
Customer Service	1.00%
Taxes	2.88%
Capital Contribution	2.50%
Member Communication Materials	0.63%
Open Enrollment	1.46%
Utilization Review	2.83%
Care Management	0.46%
Ad Hoc Reports	0.00%
Other - Community Service	1.34%
Corporate and Other Overhead	5.91%
Commissions	0.88%
Total	21.40%



**Plan Adjusted Index Rates**  
**Exhibit 10**

Plans	Metallic Level	Name	Allowable Modifiers				Plan Adjusted Index Rate
			Plan Design	Utilization Copay Effect	Non-EHB	Admin	
1	Platinum	KP DC STD Platinum 0/20/Dental/Ped Dental	0.9371	0.9195	1.0169	1.2722	394.14
2	Gold	KP DC Gold 0/20/Dental	0.8896	0.9092	1.0169	1.2722	369.97
3	Gold	KP DC STD Gold 500/25/Dental/Ped Dental	0.8483	0.9122	1.0169	1.2722	353.94
4	Gold	KP DC Gold 1000/20/Dental	0.7954	0.9094	1.0169	1.2722	330.84
5	Silver	KP DC Silver STD 2000/25/Dental/Ped Dental	0.7325	0.8911	1.0169	1.2722	298.54
6	Silver	KP DC Silver 1500/30/Dental	0.7242	0.8879	1.0169	1.2722	294.11
7	Silver	KP DC Silver 2750/20%/HSA/Dental/Ped Dental	0.6637	0.8510	1.0169	1.2722	258.33
8	Bronze	KP DC STD Bronze 4500/50/Dental/Ped Dental	0.6086	0.8282	1.0169	1.2722	230.55
9	Bronze	KP MD Bronze 5000/50/HSA/Dental/Ped Dental	0.5879	0.8022	1.0169	1.2722	215.70
10	Bronze	KP MD Bronze 6000/20%/HSA/Dental/Ped Dental	0.5798	0.8012	1.0169	1.2722	212.47
11	Catastrophic	KP DC Catastrophic 6850/0/Dental/Ped Dental	0.5853	0.7676	1.0169	1.2722	184.93

**AV Calculator Values by Plan**  
**Exhibit 11**

<b>Plans</b>	<b>Metallic Level</b>	<b>Name</b>	<b>AV</b>
1	Platinum	Plan 1	0.880
2	Gold	Plan 2	0.813
3	Gold	Plan 3	0.787
4	Gold	Plan 4	0.795
5	Silver	Plan 5	0.692
6	Silver	Plan 6	0.715
7	Silver	Plan 7	0.683
8	Bronze	Plan 8	0.618
9	Bronze	Plan 9	0.614
10	Bronze	Plan 10	0.606
11	Catastrophic	Plan 11	0.585

**Age Calibration Factor**  
**Exhibit 12**

	<b><u>Weighted Average Age</u></b>	<b><u>Age Factor</u></b>
Average Age in the Projection Period	41.0	1.015
Nearest Rounded Age	41.0	1.013
Calibration Factor		0.999

**Age Factors**  
**Exhibit 13**

Age	Age Slope	Age Factor Indexed to Age 21
20	0.654	0.90
21	0.727	1.00
22	0.727	1.00
23	0.727	1.00
24	0.727	1.00
25	0.727	1.00
26	0.727	1.00
27	0.727	1.00
28	0.744	1.02
29	0.76	1.05
30	0.779	1.07
31	0.799	1.10
32	0.817	1.12
33	0.836	1.15
34	0.856	1.18
35	0.876	1.20
36	0.896	1.23
37	0.916	1.26
38	0.927	1.28
39	0.938	1.29
40	0.975	1.34
41	1.013	1.39
42	1.053	1.45
43	1.094	1.50
44	1.137	1.56
45	1.181	1.62
46	1.227	1.69
47	1.275	1.75
48	1.325	1.82
49	1.377	1.89
50	1.431	1.97
51	1.487	2.05
52	1.545	2.13
53	1.605	2.21
54	1.668	2.29
55	1.733	2.38
56	1.801	2.48
57	1.871	2.57
58	1.944	2.67
59	2.02	2.78
60	2.099	2.89
61	2.181	3.00
62	2.181	3.00
63	2.181	3.00
64+	2.181	3.00

**Pediatric Dental Factor Development**  
**Exhibit 14**

Current Pool	Current Plan	Member Months	Ped Dental Factor
Individual	All	20,558	1.002
Small Group	All	34,232	1.009
Grand Total		54,790	1.007

Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc.  
Rates effective January 1, 2016  
District of Columbia Individual Exchange  
Appendix I

	Platinum	Gold	Gold	Gold	Silver	Silver	Silver	Bronze	Bronze	Bronze	Catastrophic
Age	KP DC STD Platinum 0/20/Dental	KP DC Gold 0/20/Dental	KP DC STD Gold 500/25/Dental	KP DC Gold 1000/20/Dental	KP DC Silver STD 2000/25/Dental	KP DC Silver 1500/30/Dental	KP DC Silver 2750/20%/HSA/Dental	KP DC STD Bronze 4500/50/Dental/Ped	KP MD Bronze 5000/50/HSA/Dental/Ped	KP MD Bronze 6000/20%/HSA/Dental/Ped	KP DC Catastrophic 6850/0/Dental/P
20 and Under	\$254.08	\$238.50	\$228.17	\$231.28	\$192.45	\$189.60	\$166.53	\$148.62	\$148.05	\$136.97	\$128.22
21	\$282.44	\$265.12	\$253.64	\$237.08	\$213.94	\$210.76	\$185.12	\$165.21	\$154.57	\$152.26	\$132.52
22	\$282.44	\$265.12	\$253.64	\$237.08	\$213.94	\$210.76	\$185.12	\$165.21	\$154.57	\$152.26	\$132.52
23	\$282.44	\$265.12	\$253.64	\$237.08	\$213.94	\$210.76	\$185.12	\$165.21	\$154.57	\$152.26	\$132.52
24	\$282.44	\$265.12	\$253.64	\$237.08	\$213.94	\$210.76	\$185.12	\$165.21	\$154.57	\$152.26	\$132.52
25	\$282.44	\$265.12	\$253.64	\$237.08	\$213.94	\$210.76	\$185.12	\$165.21	\$154.57	\$152.26	\$132.52
26	\$282.44	\$265.12	\$253.64	\$237.08	\$213.94	\$210.76	\$185.12	\$165.21	\$154.57	\$152.26	\$132.52
27	\$282.44	\$265.12	\$253.64	\$237.08	\$213.94	\$210.76	\$185.12	\$165.21	\$154.57	\$152.26	\$132.52
28	\$289.04	\$271.32	\$259.57	\$242.63	\$218.94	\$215.69	\$189.45	\$169.07	\$158.18	\$155.82	\$135.62
29	\$295.26	\$277.15	\$265.15	\$247.85	\$223.65	\$220.33	\$193.52	\$172.71	\$161.59	\$159.17	\$138.54
30	\$302.64	\$284.08	\$271.78	\$254.04	\$229.24	\$225.83	\$198.36	\$177.03	\$165.63	\$163.15	\$142.00
31	\$310.41	\$291.37	\$278.76	\$261.56	\$235.12	\$231.63	\$203.45	\$181.57	\$169.88	\$167.34	\$145.65
32	\$317.40	\$297.94	\$285.04	\$266.43	\$240.42	\$236.85	\$208.03	\$185.66	\$173.70	\$171.10	\$148.93
33	\$324.78	\$304.87	\$291.67	\$272.63	\$246.01	\$242.36	\$212.87	\$189.98	\$177.74	\$175.08	\$152.39
34	\$332.55	\$312.16	\$298.64	\$279.15	\$251.90	\$248.16	\$217.97	\$194.53	\$182.00	\$179.27	\$156.04
35	\$340.32	\$319.45	\$305.62	\$285.67	\$257.78	\$253.96	\$223.06	\$199.07	\$186.25	\$183.46	\$159.68
36	\$348.09	\$326.75	\$312.60	\$292.20	\$263.67	\$259.75	\$228.15	\$203.62	\$187.65	\$184.65	\$163.33
37	\$355.86	\$334.04	\$319.58	\$298.72	\$269.55	\$265.55	\$233.24	\$208.16	\$194.75	\$191.84	\$166.98
38	\$360.14	\$338.05	\$323.41	\$302.31	\$272.79	\$268.74	\$236.04	\$210.66	\$197.09	\$194.14	\$168.98
39	\$364.41	\$342.06	\$327.25	\$305.89	\$276.03	\$271.93	\$238.85	\$213.16	\$199.43	\$196.45	\$170.99
40	\$378.79	\$355.56	\$340.16	\$317.96	\$286.91	\$282.66	\$248.27	\$221.57	\$207.30	\$204.19	\$177.73
41	\$393.55	\$369.42	\$353.42	\$330.35	\$298.10	\$293.67	\$257.94	\$230.20	\$215.38	\$212.15	\$184.66
42	\$409.09	\$384.00	\$367.37	\$343.40	\$309.87	\$305.27	\$268.13	\$239.29	\$223.88	\$220.53	\$191.95
43	\$425.02	\$398.95	\$381.68	\$356.77	\$321.93	\$317.15	\$278.57	\$248.61	\$229.12	\$225.60	\$199.42
44	\$441.72	\$414.63	\$396.68	\$370.79	\$334.59	\$329.62	\$289.52	\$258.38	\$241.74	\$238.12	\$207.26
45	\$458.82	\$430.68	\$412.03	\$385.14	\$347.53	\$342.38	\$300.72	\$268.38	\$251.10	\$247.34	\$215.28
46	\$476.69	\$447.46	\$428.08	\$400.14	\$361.07	\$355.71	\$312.43	\$278.84	\$260.88	\$256.97	\$223.67
47	\$495.34	\$464.96	\$444.82	\$415.79	\$375.20	\$369.63	\$324.66	\$289.74	\$271.08	\$267.02	\$232.42
48	\$514.76	\$483.19	\$462.27	\$432.10	\$389.91	\$384.12	\$337.39	\$301.11	\$277.50	\$273.50	\$241.53
49	\$534.96	\$502.16	\$480.41	\$449.06	\$405.21	\$399.20	\$350.63	\$312.92	\$292.77	\$288.39	\$251.01
50	\$555.94	\$521.85	\$499.25	\$466.67	\$421.10	\$414.85	\$364.38	\$325.20	\$304.25	\$299.70	\$260.85
51	\$577.70	\$542.27	\$518.79	\$484.93	\$437.58	\$431.09	\$378.64	\$337.92	\$316.15	\$311.42	\$271.06
52	\$600.23	\$563.42	\$539.02	\$503.84	\$454.65	\$447.90	\$393.41	\$351.10	\$328.49	\$323.57	\$281.64
53	\$623.54	\$585.30	\$559.96	\$523.41	\$472.30	\$465.29	\$408.69	\$364.74	\$341.24	\$336.14	\$292.57
54	\$648.02	\$608.28	\$581.94	\$543.96	\$490.84	\$483.56	\$424.73	\$379.05	\$354.64	\$349.33	\$304.06
55	\$673.27	\$631.98	\$604.61	\$565.15	\$509.97	\$502.40	\$441.28	\$393.82	\$368.46	\$362.94	\$315.91
56	\$699.69	\$656.78	\$628.34	\$587.33	\$529.98	\$522.12	\$458.59	\$409.28	\$382.92	\$377.18	\$328.30
57	\$726.88	\$682.31	\$652.76	\$610.16	\$550.58	\$542.41	\$476.42	\$425.19	\$397.80	\$391.84	\$341.06
58	\$755.24	\$708.93	\$678.23	\$633.96	\$572.06	\$563.57	\$495.01	\$443.32	\$407.13	\$401.13	\$354.37
59	\$784.77	\$736.64	\$704.74	\$658.75	\$594.43	\$585.40	\$514.36	\$459.05	\$423.05	\$416.88	\$368.22
60	\$815.46	\$765.45	\$732.30	\$684.51	\$617.67	\$608.51	\$534.47	\$477.00	\$440.27	\$433.99	\$382.62
61	\$847.32	\$795.35	\$760.91	\$711.24	\$641.81	\$632.28	\$555.35	\$495.63	\$456.77	\$450.74	\$397.56
62	\$847.32	\$795.35	\$760.91	\$711.24	\$641.81	\$632.28	\$555.35	\$495.63	\$456.77	\$450.74	\$397.56
63	\$847.32	\$795.35	\$760.91	\$711.24	\$641.81	\$632.28	\$555.35	\$495.63	\$456.77	\$450.74	\$397.56
64+	\$847.32	\$795.35	\$760.91	\$711.24	\$641.81	\$632.28	\$555.35	\$495.63	\$456.77	\$450.74	\$397.56

Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc.

**District of Columbia**

**2016 Direct Payment (Personal Advantage) Rate Filing**

**HIOS Issuer ID: 94506**

**HIOS Product ID 94506DC039**

**Form Numbers: DC-DP-SILVER-0-15-CSR-DENTAL-HMO-RX(01-16)HIX, DC-DP-SILVER-0-5-CSR-DENTAL-HMO-RX(01-16)HIX, DC-DP-BRONZE-5000-50-HSA-DENTAL-HDHP-COST(01-16)HIX, DC-DP-BRONZE-6000-20%-HSA-DENTAL-HDHP-COST(01-16)HIX, DC-DP-CATASTROPHIC-6850-0-DENTAL-DHMO-COST(01-16)HIX, DC-DP-GOLD-0-20-DENTAL-HMO(01-16)HIX, DC-DP-GOLD-0-20-DENTAL-HMO-RX(01-16)HIX, DC-DP-GOLD-1000-20-DENTAL-DHMO-COST(01-16)HIX, DC-DP-SILVER-0-15-CSR-DENTAL-HMO(01-16)HIX, DC-DP-SILVER-0-5-CSR-DENTAL-HMO(01-16)HIX, DC-DP-SILVER-100-5%-CSR-HDHP-DENTAL-COST(01-16)HIX, DC-DP-SILVER-1400-20%-CSR-HDHP-DENTAL-COST(01-16)HIX, DC-DP-SILVER-1500-30-CSR-DENTAL-DHMO-COST(01-16)HIX, DC-DP-SILVER-1500-30-DENTAL-DHMO-COST(01-16)HIX, DC-DP-SILVER-2750-20%-HSA-DENTAL-HDHP-COST(01-16)HIX, DC-DP-SILVER-500-10%-CSR-HDHP-DENTAL-COST(01-16)HIX, DC-DP-STD-BRONZE-4500-50-DENTAL-DHMO-COST(01-16)HIX, DC-DP-STD-GOLD-500-25-DENTAL-DHMO-COST(01-16)HIX, DC-DP-STD-PLATINUM-0-10-DENTAL-HMO-RX(01-16)HIX, DC-DP-STD-PLATINUM-0-20-DENTAL-HMO(01-16)HIX, DC-DP-STD-SILVER-0-15-CSR-DENTAL-HMO(01-16)HIX, DC-DP-STD-SILVER-0-15-CSR-DENTAL-HMO-RX(01-16)HIX, DC-DP-STD-SILVER-0-5-CSR-DENTAL-HMO(01-16)HIX, DC-DP-STD-SILVER-0-5-CSR-DENTAL-HMO-RX(01-16)HIX, DC-DP-STD-SILVER-1500-25-CSR-DENTAL-DHMO-COST(01-16)HIX, DC-DP-STD-SILVER-2000-25-DENTAL-DHMO-COST(01-16)HIX, DC-DP-PED-DENTAL(01-15)HIX**

## Actuarial Memorandum

I, John Xu, an Actuary for Kaiser Foundation Health Plan, Inc. (KFHP) am a member of the American Academy of Actuaries. I meet the qualification standards for certifying Regulatory Filings for Rates and Financial Projections for Health Plans. This Actuarial Certification applies to the attached filing for an approval of premium rates for Personal Advantage, the Direct Payment program sold on the individual exchange. This actuarial memorandum documents the assumptions and sources of data pertaining to the development of Kaiser premium rates effective January 1, 2016. It is intended to comply with the requirements outlined in the DC Health Benefit Exchange Authority's *2016 Carrier Reference Manual* (April 2015, Version 1). It is not intended for any other purpose.

KFHP an HMO company and offers traditional HMO copayment plans covering medical and pharmacy claims expenses. KFHP also offers Deductible and High Deductible plans, some of which are HSA qualified. For the purposes of regulation, these are all HMO products.

KFHP will market products to the Individual and Small Group markets through Direct Sales channels and Broker arrangements, as well as on the District of Columbia Marketplace (aka the Exchange). The products are guaranteed issue and guaranteed renewable.

This rate filing applies to forms that are open to new sales and renewals. This filing does not cover grandfathered plans that existed prior to March 23, 2010.

I am the primary contact for this filing. My telephone number is 301-816-6349 and my email address is John.A.Xu@kp.org. Please also include Sheila Schroer on correspondence related to this filing, her email address is Sheila.A.Schroer@kp.org.

### Proposed Rate Increases

The percent increase in the Market Adjusted Index Rate from 2015 to 2016 is -0.1%. The drivers of that change are shown in the table below, which contains all the components of the Market Adjusted Index Rate calculation. The numbers shown are the ratio of the 2016 to the 2015 factor, so a 1.000 indicates no impact on the rate change.

Source of Change	2016/2015
Based Period Experience	0.962
Base Period Util Copay	1.007
Pricing Trend	1.000
Morbidity Adjustment	0.945
Risk Adjustment Recoveries	1.053
Pent Up Demand	1.000
Reinsurance Recoveries	1.044
Reinsurance Premium	0.997
Average Age Impact	1.001
Additional EHB	0.995
Exchange Fee	1.000
Fixed Cost Adjustment	1.000
<b>Total Market Adjusted Index Rate Change</b>	<b>99.90%</b>

Plan level rate changes are shown in row 25 of Worksheet II in the URRT.



## Experience Period Claims

### *Base period data:*

The Revenue Requirement for 2016 for the new ACA plans is developed by accumulating District of Columbia-specific medical and administrative expenses for essential health benefits (EHB) for non-grandfathered business in the Child-Only, Conversion, Dues Subsidy, ACA plans and Small Group lines of business incurred in 2014 including the incurred but not reported estimates for external expense. Allowed cost data from internal costs, fee for service claims, and prescription drug claims are trended to 2016. Allowed claims for internal services are allocated costs for medical services delivered within our integrated delivery system while allowed claims for external expenses are calculated as estimated incurred plus member cost sharing.

### *Capitations:*

KFHP has contracted with a dental provider to provide dental care to KFHP members. KFHP pays the provider a fixed capitation of \$1.15 PMPM to cover adult preventative. The \$1.15 PMPM is part of the base period allowed amount, shown in Exhibit 2. It is then removed as a non-Essential Health Benefit in Exhibit 3. Finally, this benefit is added back as part of the non-EHB adjustment in Exhibit 10.

### *Incurred Estimates on External Expense:*

A common reserve tool developed and maintained by KFHP Actuarial Services is used to set KFHP's IBNR reserves. KFHP's common reserve tool uses historical claim lag averages to project anticipated future payments. IBNR levels are set for line of business and service line breakouts. Note that the IBNR applies only to KFHP's external allowed costs. Most of KFHP's expenses are internal costs, which are allocated and immaterial reporting lag.

The completion factors used to complete the base period external claims are taken from the KFHP's overall commercial line of business by type of service. The claims are incurred in 2014 and paid through 1/31/2015.

### *Premium:*

Premium was captured for calendar year 2014 for all members in the base period single (combined Small Group and Individual) pool. There were no MLR rebates for these members in this period. For Dues Subsidy members, the whole premium was captured and not just the portion paid by the member.

## Part I Unified Rate Review Template

### *Base Period Experience:*

The base period experience in Worksheet 1 Section I and in Worksheet 2 Section III is the combined experience of the Small Group and Individual markets. The Index Rate of the Experience Period in cell G17 is taken from Exhibit 1 line 3. It is the per member per month allowed claims less non-essential health benefits from the base period. Therefore, it represents the average age of the members in the risk pool. The Index Rate for the Projection period, discussed below, is taken from Exhibit 1 Line 21.

### *Benefit Categories:*

The benefit categories in Section II of Worksheet I are mapped based on type of service and place of treatment codes. For example:

Benefit Category	Services
Inpatient Hospital	Inpatient Facility, Inpatient Visits (Rounding), Inpatient Surgery - Non Maternity, Maternity
Outpatient Hospital	Outpatient Facility, Emergency/Urgent Care, Hospital Outpatient Other Professional, Outpatient Surgery

Professional	Diagnostic Services, Office Visits, Cardiovascular, Chemotherapy/Pharmacy, Dialysis, PT/OT/ST
Other Medical	Other Services
Capitation	Adult Preventive Dental
Prescription Drug	Pharmacy

*Morbidity and Other Adjustments:*

The morbidity adjustments in Section II Worksheet 1 are developed from rows (14) in the attached Exhibit 1 and reflect the morbidity in the single risk pool (Small Group and Individual combined) of our expected 2016 membership. The development of these factors along with the documentation of these assumptions is included in Exhibit 7.1-7.3.

The “Other” adjustment in Section II Worksheet I is an adjustment to reflect that family contracts are limited to three dependents in 2016.

Included in the “Other” adjustment is the base period utilization copay effect from Exhibit 4. The adjustment is necessary to convert the base period experience from an average plan allowed amount to the allowed amount for the reference plan. “Other” also includes additional EHB benefits in the projection period.

All the factors discussed above in the Morbidity and Other Adjustments are based on Small Group and Individual experience combined.

*Paid to Allowed Ratio:*

The Paid to Allowed Average Factor in the Projection Period in Section III of Worksheet I is an average plan factor for the plans listed in Worksheet II. It represents the change from the average benefit plan allowed amount to the average paid amount across the 2016 plans based on weightings in Worksheet 2 of the URRT.

The factor in cell v33 in Worksheet I of the URRT is calculated by weighting the plan design factors in Exhibit 10 by the projected members and allowed costs by plans in rows 81 and 100, respectively, of Worksheet II of the URRT.

*Estimated Average Annual Premium per Policy:*

The estimated average annual premium per policy based on the URRT and SERFF data included in the filing is \$4,289.84

**Risk Adjustment**

Exhibit 7.1-7.3 documents the development of the Risk Adjustment index rate factor. The index rate is adjusted to reflect the expected change in morbidity of the members covered by these plans relative to the members in the base period data. It is also adjusted to reflect the risk adjustment receipts anticipated in the rating period based on the expected risk profile relative to the market of the Individual line only based on DISB guidance.

Assumptions are documented regarding the current relative morbidity of KFHP’s population along with the expected morbidity of the future market relative to KFHP. Growth assumptions for the market as a whole and KFHP specifically are used to calculate KFHP’s 2016 expected relative morbidity to the market. This value is used to determine the expected risk adjustment impact to the index rate.

**Reinsurance**

An adjustment is made to the index rate to reflect reinsurance recoveries, which in 2016 is 50% of all claims dollars between \$90,000 and \$250,000 per claim. Because of the small membership in DC and resulting lack of credible experience, the adjustment factor was developed using trended base period claims for KFHP Mid Atlantic States

(MAS) region as a better representation of the expected claims distribution in the projected period. The development of the adjustment factors is shown in Exhibit 8.

As required by instructions, the contribution to the Federal transitional reinsurance program is netted against the reinsurance recovery described above in the development of the index rate and is not included in the administrative expense. The development of this adjustment is also shown in Exhibit 8.

### **Administrative Expense**

Retention includes broker commissions, administrative expenses and capital contribution. Commissions are paid to Brokers of Record. The capital contribution is an amount needed to maintain and expand Kaiser's medical center facilities where members receive the majority of their health care.. As a group model HMO, Kaiser owns a significant portion of the health care delivery system. In other health care delivery models, capital contributions are included in fee for service payments, whereas for Kaiser these are funded through premium rates.

### **Profit and Risk Margin**

As mentioned above, the capital contribution of 2.5%, shown in Exhibit 9, is an amount to maintain and expand Kaiser's medical center facilities where members receive the majority of their healthcare.

### **Taxes and Fees**

Administrative expenses have been adjusted to reflect the federal PCORI tax and the federal health insurance provider tax that will apply in 2016. The amount is shown as percent in Exhibit 9. Also, a market wide factor is added to the Index Rate development in Exhibit 1 Line 19.

### **Projected Loss Ratio**

Based on a target admin percentage of 21.4%, which includes a 2.5% capital contribution margin, we anticipate an MLR based on federally prescribed methodology to be at least 81.5%. The ultimate MLR would be expected to be slightly higher due to the allowed adjustments to both claims and premium in the federally prescribed methodology.

### **Market Adjusted Index Rate**

The development of the index rate is summarized in Exhibit 1 and is based on combined experience of non-grandfathered Individual and Small Group experience as described above. The following factors along with Risk Adjustment and Reinsurance described above have been considered in the development and are documented below.

#### *Utilization copayment effect adjustment:*

Allowed claims are grossed up for anticipated changes in the average utilization of services due to average cost sharing requirements in the base period. Member cost sharing results in lower utilization and, thus, lower allowed costs, than would otherwise occur in a zero cost share environment. An estimate based on industry standard factors has been made at the plan level to adjust our base period data to what would have been expected in a zero cost share environment in order to normalize for the utilization copayment effect. These adjustments are documented in Exhibit 4.

#### *Demographic Adjustment:*

The Demographic Adjustment shown in Exhibit 5 represents the expected change in the average member age from the base period to the projection period. We have assumed that the average age in the projection period is unchanged from the base period. However, due to slight difference in the average age between the Individual and Small group, there is a small change in the combined average age because of different growth in the Individual and Small Group members.

#### *Embedded Pediatric Dental Adjustment:*

KFHP is embedding pediatric dental benefits into its 2016 plans. KFHP will pay a dental provider a fixed per child per month capitation. Exhibit 14 shows the assumptions and development of the index rate adjustment factor to reflect the capitation on a per member per month basis by adjusting the index rate.

### *Trend:*

The future trend numbers are based on actuarial judgment considering a mixture of expected industry trends, future fixed costs, and expected internalization of services. As an integrated health care provider, a large portion of KFHP's expenses are the fixed costs associated with providing medical care through our centers. Therefore, the projected cost that is included in our total revenue requirement is largely based on budgeting. For traditional carriers, projected claims trends are developed to project expected costs. However, given KFHP's fixed cost structure, KFHP's projected claims trends fall out of the development of projected budgeted costs. For 2014 to 2016, our projected total annualized medical expense trend for Individual is 3.5% and is shown in Exhibit 6 of our filing.

### **Alternative AV Calculations**

The AV calculator does not have an option for outpatient facility copay. To calculate the impact on the actuarial value of the plan for this benefit we used the alternate method described in 156.135 (b)(2). KFHP requested from a major actuarial consulting firm the national average allowed amount for outpatient facility costs in 2014. We have updated the national average allowed amount for the 2016 rate filing. To determine AVs for plans outpatient facility copays, we propose an OP Copay Converter to be used with the AV calculator. To create this converter, we compared the copay amount to the estimated average national OP facility allowed amount to calculate the implied coinsurance % for OP procedures. This coinsurance should only be applied to the OP facility cost and not the OP professional cost, which should be covered at 100%. I certify the calculation to be actuarially sound.

Plan designs have been changed to waive primary office visit copays for children younger than five. As the AV calculator does not have an adjustment to account for this benefit, we lowered the copay amount 16% by multiplying the actual copay by a factor of 0.84. For example, a \$20 primary office visit copay is entered as \$16.80. The 16% adjustment is based on KFHP data (as a proxy for a standard population). Primary care utilization was divided between children under five and all other members. The data showed 16% of primary care visits were attributed to children under five. I certify the calculation to be actuarially sound.

### **AV Pricing Values**

The rates for specific plans are calculated by multiplying plan factors times the index rate. The plan factors use industry standard data in a model from a national actuarial consulting firm, calibrated to KFHP experience to calculate the impact of the various cost share and plan elements for EHBs, including utilization copayment effect. The reference plan used as the basis for the AV pricing values is a \$0 cost share plan valued using the same industry standard factors described above.

Exhibit 10 indicates the portion of the AV Pricing Value that is attributable to each of the allowable modifiers to the Index Rate. The plan factor shown in Exhibit 10 reflects both member cost shares and the resulting dampening of expected utilization due to those cost shares.

The rates for the catastrophic plan were calculated by multiplying the plan factor, non-EHB adjustment, age factors, smoker factors for smoker rates and the administrative expense factor by a modified index rate. Because the small and individual pools are combined in 2016, we could not use the methodology to estimate the catastrophic index rate we had developed for other jurisdictions where the pools were separate. Therefore, we have used the modeled impact from these other jurisdictions as a guide. We have adjusted the index rate lower by 10% to represent the expected average cost per member.

### **Age Factors**

The age factor table used to develop age specific rates is the standard table provided by DISB.

Exhibit 12 shows the development of the age calibration factor. The development starts with the average age in the projection period from Exhibit 5. That age is rounded to the nearest age and the age factor is pulled from the DISB age curve. As described in the Actuarial Memorandum instructions, the ratio of the age factor for the nearest rounded age to the age factor for the average age in the projection period is the age calibration factor used in the rate development.

## **Non-EHB**

An adjustment has been made to the base period allowed amount to remove the Non-EHB benefits from the Index Rate. This multiplier was calculated by summing the allowed amount for Non-EHB benefits in the base period and adding the adult preventive dental capitation and then dividing by total allowed.

## **Additional URRT Items**

### *Membership Projections:*

The total membership projection included across new plans in Section II of Worksheet 2 is consistent with KFHP's expected market share of that growth. Detailed assumptions are presented and documented in Exhibit 7.1-7.3.

An assumption is made in Worksheet 2 as to the distribution of members by product based on KFHP's expected distribution of membership by metal level.

### *Terminated Plans:*

The list of terminated plans that are included in the column "Terminated Plans" in Worksheet I of the URRT are listed in Exhibit 2.

### *Warning Alert:*

There are no warning alerts in the URRT.

## **Summary Rate Calculation**

Exhibit 1 shows the development of the Market Adjusted Index Rate from the base period Medical Cost Data. The Plan Adjusted Index Rates are calculated using the Market Adjusted Index Rate and the allowable plan adjustment factors in Exhibit 10. The final 2016 Consumer Adjusted Premium Rates are developed by applying the age slope, age calibration to the Plan Adjusted Index Rates to generate age specific rates.

## **Exhibit Table of Contents:**

The following exhibits are included in this filing:

- Exhibit 1 – Market Adjusted Index Rate Calculation
- Exhibit 2 – Allowed Claims Development
- Exhibit 3 –Non-EHB Adjustments
- Exhibit 4 – Utilization Copayment Effect Adjustment
- Exhibit 5 – Demographic Adjustment
- Exhibits 6 – Trend Calculation
- Exhibits 7.1 - Risk Adjustment and Morbidity Development – Combined Small and Individual
- Exhibits 7.2 - Risk Adjustment and Morbidity Development – Individual Line of Business
- Exhibits 7.3 - Risk Adjustment and Morbidity Development – Small Group Line of Business
- Exhibit 8 – Reinsurance Adjustment Factor
- Exhibit 9 – Administrative Expense Adjustment
- Exhibit 10 – Plan Adjusted Index Rates Development
- Exhibit 11 - AV Calculator Values by Plan
- Exhibit 12 – Age Calibration
- Exhibit 13 – Age Factors
- Exhibit 14 – Embedded Pediatric Dental Adjustment Factor
- Appendix I - Rate Sheet

### **Certification**

This filing is in conformity with all applicable Actuarial Standards of Practice, including ASOP No. 8. To the best of my knowledge, the rating methodologies of Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc. and the development of the Index Rate comply with the applicable District and Federal Statutes and Regulations (45 CFR 156.80(d)(1). The percent of total premium that represents essential health benefits included in Worksheet 2, Sections III and IV were calculated in accordance with actuarial standards of practice. The index rate and only the allowable modifiers as described in 45 CFR 156.80(d)(1) and 45 CFR 156.80(d)(2) were used to generate plan level rates. The rating methodologies produce premiums that are reasonable in relation to benefits being provided and the populations being covered and are based on sound and commonly accepted actuarial principles and are neither excessive nor deficient.



John Xu, FSA, MAAA  
Actuarial Manager  
Kaiser Foundation Health Plan, Inc.  
5/1/2015

**Index Rate Development  
Summary Index Rate Calculation  
Exhibit 1**

			<u>Source</u>
(1)	Base Period Allowed	\$321.92	Exhibit 2
(2)	Non-EHB Claims Adjustment	0.983	Exhibit 3
(3)	Experience Period Index Rate	\$316.58	(1) * (2)
(4)	Product/Network Adjustment	1.000	
(5)	Adjusted Base Period Allowed	\$316.58	(3) * (4)
(6)	Base Period Utilization Adjustment	1.096	Exhibit 4
(7)	Projection Period Utilization Adjustment	0.906	
(8)	Demographic Adjustment	0.997	Exhibit 5
(9)	Product/Network Moribidity Adjustment	1.000	
(10)	Additional EHB (including Ped Dental)	1.007	Exhibit 14
(10)	Annualized Trend	3.5%	Exhibit 6
(11)	Months of Trend	24	
(12)	Trend Factor	1.071	$\{1 + (10)\}^{\{(11) / 12\}}$
(14)	Change in Morbidity	0.992	Exhibit 7
(15)	Contract Limit of 3 Children Factor	1.005	
(16)	Combined Projection Period Index Rate Prior to Separate Modifiers	336.41	(5) * (6) * (7) * (8) * (9) * (10) * (12) * (13) * (14) * (15)
(17)	Risk Adjustment	0.970	Exhibit 7
(18)	Reinsurance Recovery	0.972	Exhibit 8
(19)	Reinsurance Premium	1.010	Exhibit 8
(20)	Exchange fee	1.000	
(21)	Market Adjusted Index Rate	\$320.20	(16) * (17) * (18) * (19) * (20)

**Allowed Claims Development**  
**Exhibit 2**

Current Pool	Current Plans	Member Months	Total
Individual	All	20,558	\$320.97
Small Group	All	34,232	\$322.49
Grand Total		54,790	\$321.92



**Non-EHB Adjustments**  
**Exhibit 3**

Current Pool	Current Plans	Member Months	Non-EHB PMPM
Individual	All	20,558	\$5.34
Small Group	All	34,232	\$5.34
Grand Total		54,790	\$5.34

Multiplier to Remove Non-EHB [ 1 - (Non-EHB PMPM / Allowed PMPM)]	0.9834
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**Utilization Copayment Effect Adjustment**  
**Exhibit 4**

Current Pool	Current Plan	Member Months	Allowed Amount	Copay Impact
Individual	All	20,558	\$320.97	0.900
Small Group	All	34,232	\$322.49	0.920
Grand Total		54,790	\$321.92	0.913
Adjustment Factor is the Inverse of the Total				1.096

**Demographic Adjustment**  
**Exhibit 5**

		Member Months	Average Age Factor <sup>1</sup>	Weighed Average Age <sup>2</sup>
Experience Period	Individual	20558	1.0559	42.1
	Small Group	34232	0.9953	40.5
	Combined	54790	1.0180	41.1
Projection Period	Individual	31598	1.0559	42.1
	Small Group	68016	0.9953	40.5
	Combined	99614	1.0145	41.0
Demographic Factor			0.9965	

Average age factor based on CMS Age curve

Weighted Average Age = Interpolation on age curve of average age factor

**Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc.**  
**Exhibit 6**  
**Trend Calculation**

Category	Weight	2014 to 2016 Annualized Trend
Inpatient Hospital	20.6%	3.5%
Outpatient Hospital	16.1%	5.5%
Professional	46.2%	2.0%
Other	2.4%	3.5%
Prescription Drug	14.5%	6.0%
Capitation	0.3%	0.0%
Composite	100.0%	3.5%

**Risk Adjustment and Morbidity Development**  
**Exhibit 7.1**

**Development of Risk Adjustment Factor Applied to Index Rate**

	<u>Small</u>	<u>Individual</u>	<u>Total</u>
Average Members	5,668	2,633	8,301
Adjustment for change in risk in Kaiser membership	100.0%	97.5%	99.21%
Adjustment for risk adjustment recoveries	100.0%	97.0%	

**Risk Adjustment and Morbidity Development**  
**Exhibit 7.2**

**Current Risk Profile of Non-Grandfathered Kaiser members relative to current market**

	<u>CY 2013 Member Months</u>	<u>Morbidity</u>
(1) Non-Grandfathered Guaranteed Issue	12	1.401
(2) Non-Grandfathered Medically Underwritten and ACA plans	20,530	1.050
(3) Dues Subsidy	16	1.274
(4) Total	20,558	1.050

**Impact of projected membership to Kaiser risk profile in 2016 relative to current market**

	<u>Member Months</u>	<u>Morbidity</u>
(5) Current Members [from (4) above]	20,558	1.050
(6) Gender to Unisex Selection Adjustment	20,530	1.000
(7) Total Mobidity Change	20,558	1.050
(8) New Entrants previously uninsured	5,520	0.950
(9) Transfers from other carriers or other KP Segments	5,520	1.000
(10) Subtotal	31,598	1.024

**Impact to Current Market from all new entrants in 2016**

	<u>Member Months</u>	<u>Risk Relativity</u>
(11) Current Market	360,000	1.000
(12) Uninsured New Entrants	70,554	0.950
(13) Transfers from Group	70,554	1.000
(14) 2015 Market	501,108	0.993
(15) <b>Kaiser risk relativity to 2016 market</b> [ (10) / (14) ]		1.031
(16) Pent Up Demand Factor for New Entrants		1.000
(17) Adjustment for change in risk in Kaiser membership [ (10) / (4) ]		97.5%
(18) Adjustment for risk adjustment recoveries [ 1 / (15) ]		97.0%
(19) Adjustment for Pent Up Demand [ { (8) mems * (16) + (5) mems + (9) mems } / (10) mems ]		100.0%
(20) Risk Adjustment fee 1.75/12/ Average Baf / Plan Index Rate		1.0006
(21) Adjustment for net risk adjustment [(18) * (20)]		97.0%

**Risk Adjustment Factor  
Exhibit 7.3**

**Current Risk Profile of Non-Grandfathered Kaiser members relative to current market**

	<u>CY 2013 Member Months</u>	<u>Morbidity</u>
(1) Non-Grandfathered <sup>1</sup>	34,212	1.050

**Impact of projected membership to Kaiser risk profile in 2015 relative to current market**

	<u>Members Months</u>	<u>Morbidity</u>
(2) Current Members [from (4) above]	34,212	1.050
(3) New to Kaiser	3,048	1.000
(4) Subtotal	37,260	1.046

	<u>Member Months</u>	
(5) <b>2015 Market</b>	568,490	1.000
(6) <b>Kaiser risk relativity to 2015 market [ (4) / (5) ]</b>		1.046

**Development of Risk Adjustment Factor Applied to Index Rate**

(7) Adjustment for change in risk in Kaiser membership [ (4) / (1) ]	99.6%
(8) Adjustment for risk adjustment recoveries [ 1 / (6) ]	95.6%
(9) Total Adjustment [ (7) * (8)]	<b>95.2%</b>

<sup>1</sup> Current Kaiser portfolio is expected to be 1.05 to market.

**Kaiser Foundation Health Plan of Mid-Atlantic-States - DC**  
**Market: Individual**

**Exhibit 8**  
**Reinsurance Adjustment Factor**

MAS Individual Data  
Experience Period: January 2014 - December 2014 - Incurred Claims

(1) Claim Amt	(2) Count	(3) Avg	(4) Frequency	(5) Cumulative Frequency	(6) Exp Recoveries
0	0		0.00000	1.00000	-
1	26,362	1,541	0.95414	1.00000	-
10,000	708	15,347	0.02563	0.04586	-
20,000	220	26,537	0.00796	0.02023	-
30,000	99	38,270	0.00358	0.01227	-
40,000	71	48,458	0.00257	0.00869	-
50,000	47	60,243	0.00170	0.00612	-
60,000	20	71,447	0.00072	0.00442	-
70,000	24	83,678	0.00087	0.00369	-
80,000	12	93,515	0.00043	0.00282	1,758
90,000	8	105,302	0.00029	0.00239	7,651
100,000	11	115,606	0.00040	0.00210	12,803
110,000	7	125,732	0.00025	0.00170	17,866
120,000	8	136,674	0.00029	0.00145	23,337
130,000	3	147,655	0.00011	0.00116	28,828
140,000	4	161,071	0.00014	0.00105	35,535
150,000	2	171,329	0.00007	0.00090	40,665
160,000	2	182,901	0.00007	0.00083	46,450
170,000	3	188,817	0.00011	0.00076	49,408
180,000	2	203,957	0.00007	0.00065	56,979
190,000	1	214,325	0.00004	0.00058	62,163
200,000	4	226,500	0.00014	0.00054	68,250
210,000	1	232,416	0.00004	0.00040	71,208
220,000	0	0	0.00000	0.00036	-
230,000	0	0	0.00000	0.00036	-
240,000	2	269,723	0.00007	0.00036	80,000
250,000	8	467,706	0.00029	0.00029	80,000

a	Total Claims Count	27,629	Sum of column (2)
b	Average Claim	3,055.97	Sumproduct of columns (3) and (4)
c	Average Recovery	87.09	Sumproduct of columns (4) and (6)
d = c/b	Recovery as % of Incurred Claims	2.8%	
e	Recovery applied to index <sup>1</sup>	97.2%	
f	Assumed Average Benefit Factor	70%	
g	Reinsurance Premium - Monthly	\$2.25	
h=g/f	Gross up Reinsurance premium to allowed	\$3.21	
	Allowed Amount	\$336.41	
l = 1+h/i		1.010	



**Administrative Expense Adjustment - Individual**  
Exhibit 9

Retention Category	Percent of Retention
Claims Processing	2%
Customer Service	1.00%
Taxes	2.88%
Capital Contribution	2.50%
Member Communication Materials	0.63%
Open Enrollment	1.46%
Utilization Review	2.83%
Care Management	0.46%
Ad Hoc Reports	0.00%
Other - Community Service	1.34%
Corporate and Other Overhead	5.91%
Commissions	0.88%
Total	21.40%

**Plan Adjusted Index Rates**  
**Exhibit 10**

Plans	Metallic Level	Name	Allowable Modifiers				Plan Adjusted Index Rate
			Plan Design	Utilization Copay Effect	Non-EHB	Admin	
1	Platinum	KP DC STD Platinum 0/20/Dental/Ped Dental	0.9371	0.9195	1.0169	1.2722	394.14
2	Gold	KP DC Gold 0/20/Dental	0.8896	0.9092	1.0169	1.2722	369.97
3	Gold	KP DC STD Gold 500/25/Dental/Ped Dental	0.8483	0.9122	1.0169	1.2722	353.94
4	Gold	KP DC Gold 1000/20/Dental	0.7954	0.9094	1.0169	1.2722	330.84
5	Silver	KP DC Silver STD 2000/25/Dental/Ped Dental	0.7325	0.8911	1.0169	1.2722	298.54
6	Silver	KP DC Silver 1500/30/Dental	0.7242	0.8879	1.0169	1.2722	294.11
7	Silver	KP DC Silver 2750/20%/HSA/Dental/Ped Dental	0.6637	0.8510	1.0169	1.2722	258.33
8	Bronze	KP DC STD Bronze 4500/50/Dental/Ped Dental	0.6086	0.8282	1.0169	1.2722	230.55
9	Bronze	KP MD Bronze 5000/50/HSA/Dental/Ped Dental	0.5879	0.8022	1.0169	1.2722	215.70
10	Bronze	KP MD Bronze 6000/20%/HSA/Dental/Ped Dental	0.5798	0.8012	1.0169	1.2722	212.47
11	Catastrophic	KP DC Catastrophic 6850/0/Dental/Ped Dental	0.5853	0.7676	1.0169	1.2722	184.93

**AV Calculator Values by Plan**  
**Exhibit 11**

<b>Plans</b>	<b>Metallic Level</b>	<b>Name</b>	<b>AV</b>
1	Platinum	Plan 1	0.880
2	Gold	Plan 2	0.813
3	Gold	Plan 3	0.787
4	Gold	Plan 4	0.795
5	Silver	Plan 5	0.692
6	Silver	Plan 6	0.715
7	Silver	Plan 7	0.683
8	Bronze	Plan 8	0.618
9	Bronze	Plan 9	0.614
10	Bronze	Plan 10	0.606
11	Catastrophic	Plan 11	0.585

**Age Calibration Factor**  
**Exhibit 12**

	<b><u>Weighted Average Age</u></b>	<b><u>Age Factor</u></b>
Average Age in the Projection Period	41.0	1.015
Nearest Rounded Age	41.0	1.013
Calibration Factor		0.999

**Age Factors**  
**Exhibit 13**

Age	Age Slope	Age Factor Indexed to Age 21
20	0.654	0.90
21	0.727	1.00
22	0.727	1.00
23	0.727	1.00
24	0.727	1.00
25	0.727	1.00
26	0.727	1.00
27	0.727	1.00
28	0.744	1.02
29	0.76	1.05
30	0.779	1.07
31	0.799	1.10
32	0.817	1.12
33	0.836	1.15
34	0.856	1.18
35	0.876	1.20
36	0.896	1.23
37	0.916	1.26
38	0.927	1.28
39	0.938	1.29
40	0.975	1.34
41	1.013	1.39
42	1.053	1.45
43	1.094	1.50
44	1.137	1.56
45	1.181	1.62
46	1.227	1.69
47	1.275	1.75
48	1.325	1.82
49	1.377	1.89
50	1.431	1.97
51	1.487	2.05
52	1.545	2.13
53	1.605	2.21
54	1.668	2.29
55	1.733	2.38
56	1.801	2.48
57	1.871	2.57
58	1.944	2.67
59	2.02	2.78
60	2.099	2.89
61	2.181	3.00
62	2.181	3.00
63	2.181	3.00
64+	2.181	3.00

**Pediatric Dental Factor Development**  
**Exhibit 14**

Current Pool	Current Plan	Member Months	Ped Dental Factor
Individual	All	20,558	1.002
Small Group	All	34,232	1.009
Grand Total		54,790	1.007

Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc.  
Rates effective January 1, 2016  
District of Columbia Individual Exchange  
Appendix I

	Platinum	Gold	Gold	Gold	Silver	Silver	Silver	Bronze	Bronze	Bronze	Catastrophic
Age	KP DC STD Platinum 0/20/Dental	KP DC Gold 0/20/Dental	KP DC STD Gold 500/25/Dental	KP DC Gold 1000/20/Dental	KP DC Silver STD 2000/25/Dental	KP DC Silver 1500/30/Dental	KP DC Silver 2750/20%/HSA/Dental	KP DC STD Bronze 4500/50/Dental/Ped	KP MD Bronze 5000/50/HSA/Dental/Ped	KP MD Bronze 6000/20%/HSA/Dental/Ped	KP DC Catastrophic 6850/0/Dental/P
20 and Under	\$254.08	\$238.50	\$228.17	\$231.28	\$192.45	\$189.60	\$166.53	\$148.62	\$148.05	\$136.97	\$128.22
21	\$282.44	\$265.12	\$253.64	\$237.08	\$213.94	\$210.76	\$185.12	\$165.21	\$154.57	\$152.26	\$132.52
22	\$282.44	\$265.12	\$253.64	\$237.08	\$213.94	\$210.76	\$185.12	\$165.21	\$154.57	\$152.26	\$132.52
23	\$282.44	\$265.12	\$253.64	\$237.08	\$213.94	\$210.76	\$185.12	\$165.21	\$154.57	\$152.26	\$132.52
24	\$282.44	\$265.12	\$253.64	\$237.08	\$213.94	\$210.76	\$185.12	\$165.21	\$154.57	\$152.26	\$132.52
25	\$282.44	\$265.12	\$253.64	\$237.08	\$213.94	\$210.76	\$185.12	\$165.21	\$154.57	\$152.26	\$132.52
26	\$282.44	\$265.12	\$253.64	\$237.08	\$213.94	\$210.76	\$185.12	\$165.21	\$154.57	\$152.26	\$132.52
27	\$282.44	\$265.12	\$253.64	\$237.08	\$213.94	\$210.76	\$185.12	\$165.21	\$154.57	\$152.26	\$132.52
28	\$289.04	\$271.32	\$259.57	\$242.63	\$218.94	\$215.69	\$189.45	\$169.07	\$158.18	\$155.82	\$135.62
29	\$295.26	\$277.15	\$265.15	\$247.85	\$223.65	\$220.33	\$193.52	\$172.71	\$161.59	\$159.17	\$138.54
30	\$302.64	\$284.08	\$271.78	\$254.04	\$229.24	\$225.83	\$198.36	\$177.03	\$165.63	\$163.15	\$142.00
31	\$310.41	\$291.37	\$278.76	\$261.56	\$235.12	\$231.63	\$203.45	\$181.57	\$169.88	\$167.34	\$145.65
32	\$317.40	\$297.94	\$285.04	\$266.43	\$240.42	\$236.85	\$208.03	\$185.66	\$173.70	\$171.10	\$148.93
33	\$324.78	\$304.87	\$291.67	\$272.63	\$246.01	\$242.36	\$212.87	\$189.98	\$177.74	\$175.08	\$152.39
34	\$332.55	\$312.16	\$298.64	\$279.15	\$251.90	\$248.16	\$217.97	\$194.53	\$182.00	\$179.27	\$156.04
35	\$340.32	\$319.45	\$305.62	\$285.67	\$257.78	\$253.96	\$223.06	\$199.07	\$186.25	\$183.46	\$159.68
36	\$348.09	\$326.75	\$312.60	\$292.20	\$263.67	\$259.75	\$228.15	\$203.62	\$187.65	\$184.65	\$163.33
37	\$355.86	\$334.04	\$319.58	\$298.72	\$269.55	\$265.55	\$233.24	\$208.16	\$194.75	\$191.84	\$166.98
38	\$360.14	\$338.05	\$323.41	\$302.31	\$272.79	\$268.74	\$236.04	\$210.66	\$197.09	\$194.14	\$168.98
39	\$364.41	\$342.06	\$327.25	\$305.89	\$276.03	\$271.93	\$238.85	\$213.16	\$199.43	\$196.45	\$170.99
40	\$378.79	\$355.56	\$340.16	\$317.96	\$286.91	\$282.66	\$248.27	\$221.57	\$207.30	\$204.19	\$177.73
41	\$393.55	\$369.42	\$353.42	\$330.35	\$298.10	\$293.67	\$257.94	\$230.20	\$215.38	\$212.15	\$184.66
42	\$409.09	\$384.00	\$367.37	\$343.40	\$309.87	\$305.27	\$268.13	\$239.29	\$223.88	\$220.53	\$191.95
43	\$425.02	\$398.95	\$381.68	\$356.77	\$321.93	\$317.15	\$278.57	\$248.61	\$229.12	\$225.60	\$199.42
44	\$441.72	\$414.63	\$396.68	\$370.79	\$334.59	\$329.62	\$289.52	\$258.38	\$241.74	\$238.12	\$207.26
45	\$458.82	\$430.68	\$412.03	\$385.14	\$347.53	\$342.38	\$300.72	\$268.38	\$251.10	\$247.34	\$215.28
46	\$476.69	\$447.46	\$428.08	\$400.14	\$361.07	\$355.71	\$312.43	\$278.84	\$260.88	\$256.97	\$223.67
47	\$495.34	\$464.96	\$444.82	\$415.79	\$375.20	\$369.63	\$324.66	\$289.74	\$271.08	\$267.02	\$232.42
48	\$514.76	\$483.19	\$462.27	\$432.10	\$389.91	\$384.12	\$337.39	\$301.11	\$277.50	\$273.50	\$241.53
49	\$534.96	\$502.16	\$480.41	\$449.06	\$405.21	\$399.20	\$350.63	\$312.92	\$292.77	\$288.39	\$251.01
50	\$555.94	\$521.85	\$499.25	\$466.67	\$421.10	\$414.85	\$364.38	\$325.20	\$304.25	\$299.70	\$260.85
51	\$577.70	\$542.27	\$518.79	\$484.93	\$437.58	\$431.09	\$378.64	\$337.92	\$316.15	\$311.42	\$271.06
52	\$600.23	\$563.42	\$539.02	\$503.84	\$454.65	\$447.90	\$393.41	\$351.10	\$328.49	\$323.57	\$281.64
53	\$623.54	\$585.30	\$559.96	\$523.41	\$472.30	\$465.29	\$408.69	\$364.74	\$341.24	\$336.14	\$292.57
54	\$648.02	\$608.28	\$581.94	\$543.96	\$490.84	\$483.56	\$424.73	\$379.05	\$354.64	\$349.33	\$304.06
55	\$673.27	\$631.98	\$604.61	\$565.15	\$509.97	\$502.40	\$441.28	\$393.82	\$368.46	\$362.94	\$315.91
56	\$699.69	\$656.78	\$628.34	\$587.33	\$529.98	\$522.12	\$458.59	\$409.28	\$382.92	\$377.18	\$328.30
57	\$726.88	\$682.31	\$652.76	\$610.16	\$550.58	\$542.41	\$476.42	\$425.19	\$397.80	\$391.84	\$341.06
58	\$755.24	\$708.93	\$678.23	\$633.96	\$572.06	\$563.57	\$495.01	\$443.32	\$407.13	\$401.13	\$354.37
59	\$784.77	\$736.64	\$704.74	\$658.75	\$594.43	\$585.40	\$514.36	\$459.05	\$423.05	\$416.88	\$368.22
60	\$815.46	\$765.45	\$732.30	\$684.51	\$617.67	\$608.51	\$534.47	\$477.00	\$440.27	\$433.99	\$382.62
61	\$847.32	\$795.35	\$760.91	\$711.24	\$641.81	\$632.28	\$555.35	\$495.63	\$456.77	\$450.74	\$397.56
62	\$847.32	\$795.35	\$760.91	\$711.24	\$641.81	\$632.28	\$555.35	\$495.63	\$456.77	\$450.74	\$397.56
63	\$847.32	\$795.35	\$760.91	\$711.24	\$641.81	\$632.28	\$555.35	\$495.63	\$456.77	\$450.74	\$397.56
64+	\$847.32	\$795.35	\$760.91	\$711.24	\$641.81	\$632.28	\$555.35	\$495.63	\$456.77	\$450.74	\$397.56

Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc.

**District of Columbia**

**2016 Direct Payment (Personal Advantage) Rate Filing**

**HIOS Issuer ID: 94506**

**HIOS Product ID 94506DC039**

**Form Numbers: DC-DP-SILVER-0-15-CSR-DENTAL-HMO-RX(01-16)HIX, DC-DP-SILVER-0-5-CSR-DENTAL-HMO-RX(01-16)HIX, DC-DP-BRONZE-5000-50-HSA-DENTAL-HDHP-COST(01-16)HIX, DC-DP-BRONZE-6000-20%-HSA-DENTAL-HDHP-COST(01-16)HIX, DC-DP-CATASTROPHIC-6850-0-DENTAL-DHMO-COST(01-16)HIX, DC-DP-GOLD-0-20-DENTAL-HMO(01-16)HIX, DC-DP-GOLD-0-20-DENTAL-HMO-RX(01-16)HIX, DC-DP-GOLD-1000-20-DENTAL-DHMO-COST(01-16)HIX, DC-DP-SILVER-0-15-CSR-DENTAL-HMO(01-16)HIX, DC-DP-SILVER-0-5-CSR-DENTAL-HMO(01-16)HIX, DC-DP-SILVER-100-5%-CSR-HDHP-DENTAL-COST(01-16)HIX, DC-DP-SILVER-1400-20%-CSR-HDHP-DENTAL-COST(01-16)HIX, DC-DP-SILVER-1500-30-CSR-DENTAL-DHMO-COST(01-16)HIX, DC-DP-SILVER-1500-30-DENTAL-DHMO-COST(01-16)HIX, DC-DP-SILVER-2750-20%-HSA-DENTAL-HDHP-COST(01-16)HIX, DC-DP-SILVER-500-10%-CSR-HDHP-DENTAL-COST(01-16)HIX, DC-DP-STD-BRONZE-4500-50-DENTAL-DHMO-COST(01-16)HIX, DC-DP-STD-GOLD-500-25-DENTAL-DHMO-COST(01-16)HIX, DC-DP-STD-PLATINUM-0-10-DENTAL-HMO-RX(01-16)HIX, DC-DP-STD-PLATINUM-0-20-DENTAL-HMO(01-16)HIX, DC-DP-STD-SILVER-0-15-CSR-DENTAL-HMO(01-16)HIX, DC-DP-STD-SILVER-0-15-CSR-DENTAL-HMO-RX(01-16)HIX, DC-DP-STD-SILVER-0-5-CSR-DENTAL-HMO(01-16)HIX, DC-DP-STD-SILVER-0-5-CSR-DENTAL-HMO-RX(01-16)HIX, DC-DP-STD-SILVER-1500-25-CSR-DENTAL-DHMO-COST(01-16)HIX, DC-DP-STD-SILVER-2000-25-DENTAL-DHMO-COST(01-16)HIX, DC-DP-PED-DENTAL(01-15)HIX**



## Actuarial Memorandum

I, John Xu, an Actuary for Kaiser Foundation Health Plan, Inc. (KFHP) am a member of the American Academy of Actuaries. I meet the qualification standards for certifying Regulatory Filings for Rates and Financial Projections for Health Plans. This Actuarial Certification applies to the attached filing for an approval of premium rates for Personal Advantage, the Direct Payment program sold on the individual exchange. This actuarial memorandum documents the assumptions and sources of data pertaining to the development of Kaiser premium rates effective January 1, 2016. It is intended to comply with the requirements outlined in the DC Health Benefit Exchange Authority's *2016 Carrier Reference Manual* (April 2015, Version 1). It is not intended for any other purpose.

KFHP an HMO company and offers traditional HMO copayment plans covering medical and pharmacy claims expenses. KFHP also offers Deductible and High Deductible plans, some of which are HSA qualified. For the purposes of regulation, these are all HMO products.

KFHP will market products to the Individual and Small Group markets through Direct Sales channels and Broker arrangements, as well as on the District of Columbia Marketplace (aka the Exchange). The products are guaranteed issue and guaranteed renewable.

This rate filing applies to forms that are open to new sales and renewals. This filing does not cover grandfathered plans that existed prior to March 23, 2010.

I am the primary contact for this filing. My telephone number is 301-816-6349 and my email address is John.A.Xu@kp.org. Please also include Sheila Schroer on correspondence related to this filing, her email address is Sheila.A.Schroer@kp.org.

### Proposed Rate Increases

The percent increase in the Market Adjusted Index Rate from 2015 to 2016 is -0.1%. The drivers of that change are shown in the table below, which contains all the components of the Market Adjusted Index Rate calculation. The numbers shown are the ratio of the 2016 to the 2015 factor, so a 1.000 indicates no impact on the rate change.

Source of Change	2016/2015
Based Period Experience	0.962
Base Period Util Copay	1.007
Pricing Trend	1.000
Morbidity Adjustment	0.945
Risk Adjustment Recoveries	1.053
Pent Up Demand	1.000
Reinsurance Recoveries	1.044
Reinsurance Premium	0.997
Average Age Impact	1.001
Additional EHB	0.995
Exchange Fee	1.000
Fixed Cost Adjustment	1.000
<b>Total Market Adjusted Index Rate Change</b>	<b>99.90%</b>

Plan level rate changes are shown in row 25 of Worksheet II in the URRT.

## Experience Period Claims

### *Base period data:*

The Revenue Requirement for 2016 for the new ACA plans is developed by accumulating District of Columbia-specific medical and administrative expenses for essential health benefits (EHB) for non-grandfathered business in the Child-Only, Conversion, Dues Subsidy, ACA plans and Small Group lines of business incurred in 2014 including the incurred but not reported estimates for external expense. Allowed cost data from internal costs, fee for service claims, and prescription drug claims are trended to 2016. Allowed claims for internal services are allocated costs for medical services delivered within our integrated delivery system while allowed claims for external expenses are calculated as estimated incurred plus member cost sharing.

### *Capitations:*

KFHP has contracted with a dental provider to provide dental care to KFHP members. KFHP pays the provider a fixed capitation of \$1.15 PMPM to cover adult preventative. The \$1.15 PMPM is part of the base period allowed amount, shown in Exhibit 2. It is then removed as a non-Essential Health Benefit in Exhibit 3. Finally, this benefit is added back as part of the non-EHB adjustment in Exhibit 10.

### *Incurred Estimates on External Expense:*

A common reserve tool developed and maintained by KFHP Actuarial Services is used to set KFHP's IBNR reserves. KFHP's common reserve tool uses historical claim lag averages to project anticipated future payments. IBNR levels are set for line of business and service line breakouts. Note that the IBNR applies only to KFHP's external allowed costs. Most of KFHP's expenses are internal costs, which are allocated and immaterial reporting lag.

The completion factors used to complete the base period external claims are taken from the KFHP's overall commercial line of business by type of service. The claims are incurred in 2014 and paid through 1/31/2015.

### *Premium:*

Premium was captured for calendar year 2014 for all members in the base period single (combined Small Group and Individual) pool. There were no MLR rebates for these members in this period. For Dues Subsidy members, the whole premium was captured and not just the portion paid by the member.

## Part I Unified Rate Review Template

### *Base Period Experience:*

The base period experience in Worksheet 1 Section I and in Worksheet 2 Section III is the combined experience of the Small Group and Individual markets. The Index Rate of the Experience Period in cell G17 is taken from Exhibit 1 line 3. It is the per member per month allowed claims less non-essential health benefits from the base period. Therefore, it represents the average age of the members in the risk pool. The Index Rate for the Projection period, discussed below, is taken from Exhibit 1 Line 21.

### *Benefit Categories:*

The benefit categories in Section II of Worksheet I are mapped based on type of service and place of treatment codes. For example:

Benefit Category	Services
Inpatient Hospital	Inpatient Facility, Inpatient Visits (Rounding), Inpatient Surgery - Non Maternity, Maternity
Outpatient Hospital	Outpatient Facility, Emergency/Urgent Care, Hospital Outpatient Other Professional, Outpatient Surgery

Professional	Diagnostic Services, Office Visits, Cardiovascular, Chemotherapy/Pharmacy, Dialysis, PT/OT/ST
Other Medical	Other Services
Capitation	Adult Preventive Dental
Prescription Drug	Pharmacy

#### *Morbidity and Other Adjustments:*

The morbidity adjustments in Section II Worksheet 1 are developed from rows (14) in the attached Exhibit 1 and reflect the morbidity in the single risk pool (Small Group and Individual combined) of our expected 2016 membership. The development of these factors along with the documentation of these assumptions is included in Exhibit 7.1-7.3.

The “Other” adjustment in Section II Worksheet I is an adjustment to reflect that family contracts are limited to three dependents in 2016.

Included in the “Other” adjustment is the base period utilization copay effect from Exhibit 4. The adjustment is necessary to convert the base period experience from an average plan allowed amount to the allowed amount for the reference plan. “Other” also includes additional EHB benefits in the projection period.

All the factors discussed above in the Morbidity and Other Adjustments are based on Small Group and Individual experience combined.

#### *Paid to Allowed Ratio:*

The Paid to Allowed Average Factor in the Projection Period in Section III of Worksheet I is an average plan factor for the plans listed in Worksheet II. It represents the change from the average benefit plan allowed amount to the average paid amount across the 2016 plans based on weightings in Worksheet 2 of the URRT.

The factor in cell v33 in Worksheet I of the URRT is calculated by weighting the plan design factors in Exhibit 10 by the projected members and allowed costs by plans in rows 81 and 100, respectively, of Worksheet II of the URRT.

#### *Estimated Average Annual Premium per Policy:*

The estimated average annual premium per policy based on the URRT and SERFF data included in the filing is \$4,289.84

### **Risk Adjustment**

Exhibit 7.1-7.3 documents the development of the Risk Adjustment index rate factor. The index rate is adjusted to reflect the expected change in morbidity of the members covered by these plans relative to the members in the base period data. It is also adjusted to reflect the risk adjustment receipts anticipated in the rating period based on the expected risk profile relative to the market of the Individual line only based on DISB guidance.

Assumptions are documented regarding the current relative morbidity of KFHP’s population along with the expected morbidity of the future market relative to KFHP. Growth assumptions for the market as a whole and KFHP specifically are used to calculate KFHP’s 2016 expected relative morbidity to the market. This value is used to determine the expected risk adjustment impact to the index rate.

### **Reinsurance**

An adjustment is made to the index rate to reflect reinsurance recoveries, which in 2016 is 50% of all claims dollars between \$90,000 and \$250,000 per claim. Because of the small membership in DC and resulting lack of credible experience, the adjustment factor was developed using trended base period claims for KFHP Mid Atlantic States

(MAS) region as a better representation of the expected claims distribution in the projected period. The development of the adjustment factors is shown in Exhibit 8.

As required by instructions, the contribution to the Federal transitional reinsurance program is netted against the reinsurance recovery described above in the development of the index rate and is not included in the administrative expense. The development of this adjustment is also shown in Exhibit 8.

### **Administrative Expense**

Retention includes broker commissions, administrative expenses and capital contribution. Commissions are paid to Brokers of Record. The capital contribution is an amount needed to maintain and expand Kaiser's medical center facilities where members receive the majority of their health care.. As a group model HMO, Kaiser owns a significant portion of the health care delivery system. In other health care delivery models, capital contributions are included in fee for service payments, whereas for Kaiser these are funded through premium rates.

### **Profit and Risk Margin**

As mentioned above, the capital contribution of 2.5%, shown in Exhibit 9, is an amount to maintain and expand Kaiser's medical center facilities where members receive the majority of their healthcare.

### **Taxes and Fees**

Administrative expenses have been adjusted to reflect the federal PCORI tax and the federal health insurance provider tax that will apply in 2016. The amount is shown as percent in Exhibit 9. Also, a market wide factor is added to the Index Rate development in Exhibit 1 Line 19.

### **Projected Loss Ratio**

Based on a target admin percentage of 21.4%, which includes a 2.5% capital contribution margin, we anticipate an MLR based on federally prescribed methodology to be at least 81.5%. The ultimate MLR would be expected to be slightly higher due to the allowed adjustments to both claims and premium in the federally prescribed methodology.

### **Market Adjusted Index Rate**

The development of the index rate is summarized in Exhibit 1 and is based on combined experience of non-grandfathered Individual and Small Group experience as described above. The following factors along with Risk Adjustment and Reinsurance described above have been considered in the development and are documented below.

#### *Utilization copayment effect adjustment:*

Allowed claims are grossed up for anticipated changes in the average utilization of services due to average cost sharing requirements in the base period. Member cost sharing results in lower utilization and, thus, lower allowed costs, than would otherwise occur in a zero cost share environment. An estimate based on industry standard factors has been made at the plan level to adjust our base period data to what would have been expected in a zero cost share environment in order to normalize for the utilization copayment effect. These adjustments are documented in Exhibit 4.

#### *Demographic Adjustment:*

The Demographic Adjustment shown in Exhibit 5 represents the expected change in the average member age from the base period to the projection period. We have assumed that the average age in the projection period is unchanged from the base period. However, due to slight difference in the average age between the Individual and Small group, there is a small change in the combined average age because of different growth in the Individual and Small Group members.

#### *Embedded Pediatric Dental Adjustment:*

KFHP is embedding pediatric dental benefits into its 2016 plans. KFHP will pay a dental provider a fixed per child per month capitation. Exhibit 14 shows the assumptions and development of the index rate adjustment factor to reflect the capitation on a per member per month basis by adjusting the index rate.

### *Trend:*

The future trend numbers are based on actuarial judgment considering a mixture of expected industry trends, future fixed costs, and expected internalization of services. As an integrated health care provider, a large portion of KFHP's expenses are the fixed costs associated with providing medical care through our centers. Therefore, the projected cost that is included in our total revenue requirement is largely based on budgeting. For traditional carriers, projected claims trends are developed to project expected costs. However, given KFHP's fixed cost structure, KFHP's projected claims trends fall out of the development of projected budgeted costs. For 2014 to 2016, our projected total annualized medical expense trend for Individual is 3.5% and is shown in Exhibit 6 of our filing.

### **Alternative AV Calculations**

The AV calculator does not have an option for outpatient facility copay. To calculate the impact on the actuarial value of the plan for this benefit we used the alternate method described in 156.135 (b)(2). KFHP requested from a major actuarial consulting firm the national average allowed amount for outpatient facility costs in 2014. We have updated the national average allowed amount for the 2016 rate filing. To determine AVs for plans outpatient facility copays, we propose an OP Copay Converter to be used with the AV calculator. To create this converter, we compared the copay amount to the estimated average national OP facility allowed amount to calculate the implied coinsurance % for OP procedures. This coinsurance should only be applied to the OP facility cost and not the OP professional cost, which should be covered at 100%. I certify the calculation to be actuarially sound.

Plan designs have been changed to waive primary office visit copays for children younger than five. As the AV calculator does not have an adjustment to account for this benefit, we lowered the copay amount 16% by multiplying the actual copay by a factor of 0.84. For example, a \$20 primary office visit copay is entered as \$16.80. The 16% adjustment is based on KFHP data (as a proxy for a standard population). Primary care utilization was divided between children under five and all other members. The data showed 16% of primary care visits were attributed to children under five. I certify the calculation to be actuarially sound.

### **AV Pricing Values**

The rates for specific plans are calculated by multiplying plan factors times the index rate. The plan factors use industry standard data in a model from a national actuarial consulting firm, calibrated to KFHP experience to calculate the impact of the various cost share and plan elements for EHBs, including utilization copayment effect. The reference plan used as the basis for the AV pricing values is a \$0 cost share plan valued using the same industry standard factors described above.

Exhibit 10 indicates the portion of the AV Pricing Value that is attributable to each of the allowable modifiers to the Index Rate. The plan factor shown in Exhibit 10 reflects both member cost shares and the resulting dampening of expected utilization due to those cost shares.

The rates for the catastrophic plan were calculated by multiplying the plan factor, non-EHB adjustment, age factors, smoker factors for smoker rates and the administrative expense factor by a modified index rate. Because the small and individual pools are combined in 2016, we could not use the methodology to estimate the catastrophic index rate we had developed for other jurisdictions where the pools were separate. Therefore, we have used the modeled impact from these other jurisdictions as a guide. We have adjusted the index rate lower by 10% to represent the expected average cost per member.

### **Age Factors**

The age factor table used to develop age specific rates is the standard table provided by DISB.

Exhibit 12 shows the development of the age calibration factor. The development starts with the average age in the projection period from Exhibit 5. That age is rounded to the nearest age and the age factor is pulled from the DISB age curve. As described in the Actuarial Memorandum instructions, the ratio of the age factor for the nearest rounded age to the age factor for the average age in the projection period is the age calibration factor used in the rate development.

## **Non-EHB**

An adjustment has been made to the base period allowed amount to remove the Non-EHB benefits from the Index Rate. This multiplier was calculated by summing the allowed amount for Non-EHB benefits in the base period and adding the adult preventive dental capitation and then dividing by total allowed.

## **Additional URRT Items**

### *Membership Projections:*

The total membership projection included across new plans in Section II of Worksheet 2 is consistent with KFHP's expected market share of that growth. Detailed assumptions are presented and documented in Exhibit 7.1-7.3.

An assumption is made in Worksheet 2 as to the distribution of members by product based on KFHP's expected distribution of membership by metal level.

### *Terminated Plans:*

The list of terminated plans that are included in the column "Terminated Plans" in Worksheet I of the URRT are listed in Exhibit 2.

### *Warning Alert:*

There are no warning alerts in the URRT.

## **Summary Rate Calculation**

Exhibit 1 shows the development of the Market Adjusted Index Rate from the base period Medical Cost Data. The Plan Adjusted Index Rates are calculated using the Market Adjusted Index Rate and the allowable plan adjustment factors in Exhibit 10. The final 2016 Consumer Adjusted Premium Rates are developed by applying the age slope, age calibration to the Plan Adjusted Index Rates to generate age specific rates.

## **Exhibit Table of Contents:**

The following exhibits are included in this filing:

- Exhibit 1 – Market Adjusted Index Rate Calculation
- Exhibit 2 – Allowed Claims Development
- Exhibit 3 –Non-EHB Adjustments
- Exhibit 4 – Utilization Copayment Effect Adjustment
- Exhibit 5 – Demographic Adjustment
- Exhibits 6 – Trend Calculation
- Exhibits 7.1 - Risk Adjustment and Morbidity Development – Combined Small and Individual
- Exhibits 7.2 - Risk Adjustment and Morbidity Development – Individual Line of Business
- Exhibits 7.3 - Risk Adjustment and Morbidity Development – Small Group Line of Business
- Exhibit 8 – Reinsurance Adjustment Factor
- Exhibit 9 – Administrative Expense Adjustment
- Exhibit 10 – Plan Adjusted Index Rates Development
- Exhibit 11 - AV Calculator Values by Plan
- Exhibit 12 – Age Calibration
- Exhibit 13 – Age Factors
- Exhibit 14 – Embedded Pediatric Dental Adjustment Factor
- Appendix I - Rate Sheet

### **Certification**

This filing is in conformity with all applicable Actuarial Standards of Practice, including ASOP No. 8. To the best of my knowledge, the rating methodologies of Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc. and the development of the Index Rate comply with the applicable District and Federal Statutes and Regulations (45 CFR 156.80(d)(1). The percent of total premium that represents essential health benefits included in Worksheet 2, Sections III and IV were calculated in accordance with actuarial standards of practice. The index rate and only the allowable modifiers as described in 45 CFR 156.80(d)(1) and 45 CFR 156.80(d)(2) were used to generate plan level rates. The rating methodologies produce premiums that are reasonable in relation to benefits being provided and the populations being covered and are based on sound and commonly accepted actuarial principles and are neither excessive nor deficient.

A handwritten signature in black ink, appearing to read 'John Xu', with a stylized, cursive script.

John Xu, FSA, MAAA  
Actuarial Manager  
Kaiser Foundation Health Plan, Inc.  
5/1/2015

**Index Rate Development  
Summary Index Rate Calculation  
Exhibit 1**

			<u>Source</u>
(1)	Base Period Allowed	\$321.92	Exhibit 2
(2)	Non-EHB Claims Adjustment	0.983	Exhibit 3
(3)	Experience Period Index Rate	\$316.58	(1) * (2)
(4)	Product/Network Adjustment	1.000	
(5)	Adjusted Base Period Allowed	\$316.58	(3) * (4)
(6)	Base Period Utilization Adjustment	1.096	Exhibit 4
(7)	Projection Period Utilization Adjustment	0.906	
(8)	Demographic Adjustment	0.997	Exhibit 5
(9)	Product/Network Moribidity Adjustment	1.000	
(10)	Additional EHB (including Ped Dental)	1.007	Exhibit 14
(10)	Annualized Trend	3.5%	Exhibit 6
(11)	Months of Trend	24	
(12)	Trend Factor	1.071	$\{1 + (10)\}^{\{(11) / 12\}}$
(14)	Change in Morbidity	0.992	Exhibit 7
(15)	Contract Limit of 3 Children Factor	1.005	
(16)	Combined Projection Period Index Rate Prior to Separate Modifiers	336.41	(5) * (6) * (7) * (8) * (9) * (10) * (12) * (13) * (14) * (15)
(17)	Risk Adjustment	0.970	Exhibit 7
(18)	Reinsurance Recovery	0.972	Exhibit 8
(19)	Reinsurance Premium	1.010	Exhibit 8
(20)	Exchange fee	1.000	
(21)	Market Adjusted Index Rate	\$320.20	(16) * (17) * (18) * (19) * (20)



**Allowed Claims Development**  
**Exhibit 2**

Current Pool	Current Plans	Member Months	Total
Individual	All	20,558	\$320.97
Small Group	All	34,232	\$322.49
Grand Total		54,790	\$321.92

**Non-EHB Adjustments**  
**Exhibit 3**

Current Pool	Current Plans	Member Months	Non-EHB PMPM
Individual	All	20,558	\$5.34
Small Group	All	34,232	\$5.34
Grand Total		54,790	\$5.34

Multiplier to Remove Non-EHB [ 1 - (Non-EHB PMPM / Allowed PMPM)]	0.9834
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**Utilization Copayment Effect Adjustment**  
**Exhibit 4**

Current Pool	Current Plan	Member Months	Allowed Amount	Copay Impact
Individual	All	20,558	\$320.97	0.900
Small Group	All	34,232	\$322.49	0.920
Grand Total		54,790	\$321.92	0.913
Adjustment Factor is the Inverse of the Total				1.096

**Demographic Adjustment  
Exhibit 5**

		Member Months	Average Age Factor <sup>1</sup>	Weighed Average Age <sup>2</sup>
Experience Period	Individual	20558	1.0559	42.1
	Small Group	34232	0.9953	40.5
	Combined	54790	1.0180	41.1
Projection Period	Individual	31598	1.0559	42.1
	Small Group	68016	0.9953	40.5
	Combined	99614	1.0145	41.0
Demographic Factor			0.9965	

Average age factor based on CMS Age curve

Weighted Average Age = Interpolation on age curve of average age factor

**Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc.**  
**Exhibit 6**  
**Trend Calculation**

Category	Weight	2014 to 2016 Annualized Trend
Inpatient Hospital	20.6%	3.5%
Outpatient Hospital	16.1%	5.5%
Professional	46.2%	2.0%
Other	2.4%	3.5%
Prescription Drug	14.5%	6.0%
Capitation	0.3%	0.0%
Composite	100.0%	3.5%

**Risk Adjustment and Morbidity Development**  
**Exhibit 7.1**

**Development of Risk Adjustment Factor Applied to Index Rate**

	<u>Small</u>	<u>Individual</u>	<u>Total</u>
Average Members	5,668	2,633	8,301
Adjustment for change in risk in Kaiser membership	100.0%	97.5%	99.21%
Adjustment for risk adjustment recoveries	100.0%	97.0%	

**Risk Adjustment and Morbidity Development**  
**Exhibit 7.2**

**Current Risk Profile of Non-Grandfathered Kaiser members relative to current market**

	<u>CY 2013 Member Months</u>	<u>Morbidity</u>
(1) Non-Grandfathered Guaranteed Issue	12	1.401
(2) Non-Grandfathered Medically Underwritten and ACA plans	20,530	1.050
(3) Dues Subsidy	16	1.274
(4) Total	20,558	1.050

**Impact of projected membership to Kaiser risk profile in 2016 relative to current market**

	<u>Member Months</u>	<u>Morbidity</u>
(5) Current Members [from (4) above]	20,558	1.050
(6) Gender to Unisex Selection Adjustment	20,530	1.000
(7) Total Mobidity Change	20,558	1.050
(8) New Entrants previously uninsured	5,520	0.950
(9) Transfers from other carriers or other KP Segments	5,520	1.000
(10) Subtotal	31,598	1.024

**Impact to Current Market from all new entrants in 2016**

	<u>Member Months</u>	<u>Risk Relativity</u>
(11) Current Market	360,000	1.000
(12) Uninsured New Entrants	70,554	0.950
(13) Transfers from Group	70,554	1.000
(14) 2015 Market	501,108	0.993
(15) <b>Kaiser risk relativity to 2016 market</b> [ (10) / (14) ]		1.031
(16) Pent Up Demand Factor for New Entrants		1.000
(17) Adjustment for change in risk in Kaiser membership [ (10) / (4) ]		97.5%
(18) Adjustment for risk adjustment recoveries [ 1 / (15) ]		97.0%
(19) Adjustment for Pent Up Demand [ { (8) mems * (16) + (5) mems + (9) mems } / (10) mems ]		100.0%
(20) Risk Adjustment fee 1.75/12/ Average Baf / Plan Index Rate		1.0006
(21) Adjustment for net risk adjustment [(18) * (20)]		97.0%

**Risk Adjustment Factor  
Exhibit 7.3**

**Current Risk Profile of Non-Grandfathered Kaiser members relative to current market**

	<u>CY 2013 Member Months</u>	<u>Morbidity</u>
(1) Non-Grandfathered <sup>1</sup>	34,212	1.050

**Impact of projected membership to Kaiser risk profile in 2015 relative to current market**

	<u>Members Months</u>	<u>Morbidity</u>
(2) Current Members [from (4) above]	34,212	1.050
(3) New to Kaiser	3,048	1.000
(4) Subtotal	37,260	1.046

	<u>Member Months</u>	
(5) <b>2015 Market</b>	568,490	1.000
(6) <b>Kaiser risk relativity to 2015 market [ (4) / (5) ]</b>		1.046

**Development of Risk Adjustment Factor Applied to Index Rate**

(7) Adjustment for change in risk in Kaiser membership [ (4) / (1) ]	99.6%
(8) Adjustment for risk adjustment recoveries [ 1 / (6) ]	95.6%
(9) Total Adjustment [ (7) * (8)]	<b>95.2%</b>

<sup>1</sup> Current Kaiser portfolio is expected to be 1.05 to market.



**Kaiser Foundation Health Plan of Mid-Atlantic-States - DC**  
**Market: Individual**

**Exhibit 8**  
**Reinsurance Adjustment Factor**

MAS Individual Data  
Experience Period: January 2014 - December 2014 - Incurred Claims

(1) Claim Amt	(2) Count	(3) Avg	(4) Frequency	(5) Cumulative Frequency	(6) Exp Recoveries
0	0		0.00000	1.00000	-
1	26,362	1,541	0.95414	1.00000	-
10,000	708	15,347	0.02563	0.04586	-
20,000	220	26,537	0.00796	0.02023	-
30,000	99	38,270	0.00358	0.01227	-
40,000	71	48,458	0.00257	0.00869	-
50,000	47	60,243	0.00170	0.00612	-
60,000	20	71,447	0.00072	0.00442	-
70,000	24	83,678	0.00087	0.00369	-
80,000	12	93,515	0.00043	0.00282	1,758
90,000	8	105,302	0.00029	0.00239	7,651
100,000	11	115,606	0.00040	0.00210	12,803
110,000	7	125,732	0.00025	0.00170	17,866
120,000	8	136,674	0.00029	0.00145	23,337
130,000	3	147,655	0.00011	0.00116	28,828
140,000	4	161,071	0.00014	0.00105	35,535
150,000	2	171,329	0.00007	0.00090	40,665
160,000	2	182,901	0.00007	0.00083	46,450
170,000	3	188,817	0.00011	0.00076	49,408
180,000	2	203,957	0.00007	0.00065	56,979
190,000	1	214,325	0.00004	0.00058	62,163
200,000	4	226,500	0.00014	0.00054	68,250
210,000	1	232,416	0.00004	0.00040	71,208
220,000	0	0	0.00000	0.00036	-
230,000	0	0	0.00000	0.00036	-
240,000	2	269,723	0.00007	0.00036	80,000
250,000	8	467,706	0.00029	0.00029	80,000

a	Total Claims Count	27,629	Sum of column (2)
b	Average Claim	3,055.97	Sumproduct of columns (3) and (4)
c	Average Recovery	87.09	Sumproduct of columns (4) and (6)
d = c/b	Recovery as % of Incurred Claims	2.8%	
e	Recovery applied to index <sup>1</sup>	97.2%	
f	Assumed Average Benefit Factor	70%	
g	Reinsurance Premium - Monthly	\$2.25	
h=g/f	Gross up Reinsurance premium to allowed	\$3.21	
	Allowed Amount	\$336.41	
l = 1+h/i		1.010	

**Administrative Expense Adjustment - Individual**  
Exhibit 9

Retention Category	Percent of Retention
Claims Processing	2%
Customer Service	1.00%
Taxes	2.88%
Capital Contribution	2.50%
Member Communication Materials	0.63%
Open Enrollment	1.46%
Utilization Review	2.83%
Care Management	0.46%
Ad Hoc Reports	0.00%
Other - Community Service	1.34%
Corporate and Other Overhead	5.91%
Commissions	0.88%
Total	21.40%

**Plan Adjusted Index Rates**  
**Exhibit 10**

Plans	Metallic Level	Name	Allowable Modifiers				Plan Adjusted Index Rate
			Plan Design	Utilization Copay Effect	Non-EHB	Admin	
1	Platinum	KP DC STD Platinum 0/20/Dental/Ped Dental	0.9371	0.9195	1.0169	1.2722	394.14
2	Gold	KP DC Gold 0/20/Dental	0.8896	0.9092	1.0169	1.2722	369.97
3	Gold	KP DC STD Gold 500/25/Dental/Ped Dental	0.8483	0.9122	1.0169	1.2722	353.94
4	Gold	KP DC Gold 1000/20/Dental	0.7954	0.9094	1.0169	1.2722	330.84
5	Silver	KP DC Silver STD 2000/25/Dental/Ped Dental	0.7325	0.8911	1.0169	1.2722	298.54
6	Silver	KP DC Silver 1500/30/Dental	0.7242	0.8879	1.0169	1.2722	294.11
7	Silver	KP DC Silver 2750/20%/HSA/Dental/Ped Dental	0.6637	0.8510	1.0169	1.2722	258.33
8	Bronze	KP DC STD Bronze 4500/50/Dental/Ped Dental	0.6086	0.8282	1.0169	1.2722	230.55
9	Bronze	KP MD Bronze 5000/50/HSA/Dental/Ped Dental	0.5879	0.8022	1.0169	1.2722	215.70
10	Bronze	KP MD Bronze 6000/20%/HSA/Dental/Ped Dental	0.5798	0.8012	1.0169	1.2722	212.47
11	Catastrophic	KP DC Catastrophic 6850/0/Dental/Ped Dental	0.5853	0.7676	1.0169	1.2722	184.93

**AV Calculator Values by Plan**  
**Exhibit 11**

<b>Plans</b>	<b>Metallic Level</b>	<b>Name</b>	<b>AV</b>
1	Platinum	Plan 1	0.880
2	Gold	Plan 2	0.813
3	Gold	Plan 3	0.787
4	Gold	Plan 4	0.795
5	Silver	Plan 5	0.692
6	Silver	Plan 6	0.715
7	Silver	Plan 7	0.683
8	Bronze	Plan 8	0.618
9	Bronze	Plan 9	0.614
10	Bronze	Plan 10	0.606
11	Catastrophic	Plan 11	0.585

**Age Calibration Factor**  
**Exhibit 12**

	<b><u>Weighted Average Age</u></b>	<b><u>Age Factor</u></b>
Average Age in the Projection Period	41.0	1.015
Nearest Rounded Age	41.0	1.013
Calibration Factor		0.999

**Age Factors**  
**Exhibit 13**

Age	Age Slope	Age Factor Indexed to Age 21
20	0.654	0.90
21	0.727	1.00
22	0.727	1.00
23	0.727	1.00
24	0.727	1.00
25	0.727	1.00
26	0.727	1.00
27	0.727	1.00
28	0.744	1.02
29	0.76	1.05
30	0.779	1.07
31	0.799	1.10
32	0.817	1.12
33	0.836	1.15
34	0.856	1.18
35	0.876	1.20
36	0.896	1.23
37	0.916	1.26
38	0.927	1.28
39	0.938	1.29
40	0.975	1.34
41	1.013	1.39
42	1.053	1.45
43	1.094	1.50
44	1.137	1.56
45	1.181	1.62
46	1.227	1.69
47	1.275	1.75
48	1.325	1.82
49	1.377	1.89
50	1.431	1.97
51	1.487	2.05
52	1.545	2.13
53	1.605	2.21
54	1.668	2.29
55	1.733	2.38
56	1.801	2.48
57	1.871	2.57
58	1.944	2.67
59	2.02	2.78
60	2.099	2.89
61	2.181	3.00
62	2.181	3.00
63	2.181	3.00
64+	2.181	3.00

**Pediatric Dental Factor Development**  
**Exhibit 14**

Current Pool	Current Plan	Member Months	Ped Dental Factor
Individual	All	20,558	1.002
Small Group	All	34,232	1.009
Grand Total		54,790	1.007

Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc.  
Rates effective January 1, 2016  
District of Columbia Individual Exchange  
Appendix I

	Platinum	Gold	Gold	Gold	Silver	Silver	Silver	Bronze	Bronze	Bronze	Catastrophic
Age	KP DC STD Platinum 0/20/Dental	KP DC Gold 0/20/Dental	KP DC STD Gold 500/25/Dental	KP DC Gold 1000/20/Dental	KP DC Silver STD 2000/25/Dental	KP DC Silver 1500/30/Dental	KP DC Silver 2750/20%/HSA/Dental	KP DC STD Bronze 4500/50/Dental/Ped	KP MD Bronze 5000/50/HSA/Dental/Ped	KP MD Bronze 6000/20%/HSA/Dental/Ped	KP DC Catastrophic 6850/0/Dental/P
20 and Under	\$254.08	\$238.50	\$228.17	\$231.28	\$192.45	\$189.60	\$166.53	\$148.62	\$148.05	\$136.97	\$128.22
21	\$282.44	\$265.12	\$253.64	\$237.08	\$213.94	\$210.76	\$185.12	\$165.21	\$154.57	\$152.26	\$132.52
22	\$282.44	\$265.12	\$253.64	\$237.08	\$213.94	\$210.76	\$185.12	\$165.21	\$154.57	\$152.26	\$132.52
23	\$282.44	\$265.12	\$253.64	\$237.08	\$213.94	\$210.76	\$185.12	\$165.21	\$154.57	\$152.26	\$132.52
24	\$282.44	\$265.12	\$253.64	\$237.08	\$213.94	\$210.76	\$185.12	\$165.21	\$154.57	\$152.26	\$132.52
25	\$282.44	\$265.12	\$253.64	\$237.08	\$213.94	\$210.76	\$185.12	\$165.21	\$154.57	\$152.26	\$132.52
26	\$282.44	\$265.12	\$253.64	\$237.08	\$213.94	\$210.76	\$185.12	\$165.21	\$154.57	\$152.26	\$132.52
27	\$282.44	\$265.12	\$253.64	\$237.08	\$213.94	\$210.76	\$185.12	\$165.21	\$154.57	\$152.26	\$132.52
28	\$289.04	\$271.32	\$259.57	\$242.63	\$218.94	\$215.69	\$189.45	\$169.07	\$158.18	\$155.82	\$135.62
29	\$295.26	\$277.15	\$265.15	\$247.85	\$223.65	\$220.33	\$193.52	\$172.71	\$161.59	\$159.17	\$138.54
30	\$302.64	\$284.08	\$271.78	\$254.04	\$229.24	\$225.83	\$198.36	\$177.03	\$165.63	\$163.15	\$142.00
31	\$310.41	\$291.37	\$278.76	\$261.56	\$235.12	\$231.63	\$203.45	\$181.57	\$169.88	\$167.34	\$145.65
32	\$317.40	\$297.94	\$285.04	\$266.43	\$240.42	\$236.85	\$208.03	\$185.66	\$173.70	\$171.10	\$148.93
33	\$324.78	\$304.87	\$291.67	\$272.63	\$246.01	\$242.36	\$212.87	\$189.98	\$177.74	\$175.08	\$152.39
34	\$332.55	\$312.16	\$298.64	\$279.15	\$251.90	\$248.16	\$217.97	\$194.53	\$182.00	\$179.27	\$156.04
35	\$340.32	\$319.45	\$305.62	\$285.67	\$257.78	\$253.96	\$223.06	\$199.07	\$186.25	\$183.46	\$159.68
36	\$348.09	\$326.75	\$312.60	\$292.20	\$263.67	\$259.75	\$228.15	\$203.62	\$187.65	\$184.65	\$163.33
37	\$355.86	\$334.04	\$319.58	\$298.72	\$269.55	\$265.55	\$233.24	\$208.16	\$194.75	\$191.84	\$166.98
38	\$360.14	\$338.05	\$323.41	\$302.31	\$272.79	\$268.74	\$236.04	\$210.66	\$197.09	\$194.14	\$168.98
39	\$364.41	\$342.06	\$327.25	\$305.89	\$276.03	\$271.93	\$238.85	\$213.16	\$199.43	\$196.45	\$170.99
40	\$378.79	\$355.56	\$340.16	\$317.96	\$286.91	\$282.66	\$248.27	\$221.57	\$207.30	\$204.19	\$177.73
41	\$393.55	\$369.42	\$353.42	\$330.35	\$298.10	\$293.67	\$257.94	\$230.20	\$215.38	\$212.15	\$184.66
42	\$409.09	\$384.00	\$367.37	\$343.40	\$309.87	\$305.27	\$268.13	\$239.29	\$223.88	\$220.53	\$191.95
43	\$425.02	\$398.95	\$381.68	\$356.77	\$321.93	\$317.15	\$278.57	\$248.61	\$232.60	\$229.12	\$199.42
44	\$441.72	\$414.63	\$396.68	\$370.79	\$334.59	\$329.62	\$289.52	\$258.38	\$241.74	\$238.12	\$207.26
45	\$458.82	\$430.68	\$412.03	\$385.14	\$347.53	\$342.38	\$300.72	\$268.38	\$251.10	\$247.34	\$215.28
46	\$476.69	\$447.46	\$428.08	\$400.14	\$361.07	\$355.71	\$312.43	\$278.84	\$260.88	\$256.97	\$223.67
47	\$495.34	\$464.96	\$444.82	\$415.79	\$375.20	\$369.63	\$324.66	\$289.74	\$271.08	\$267.02	\$232.42
48	\$514.76	\$483.19	\$462.27	\$432.10	\$389.91	\$384.12	\$337.39	\$301.11	\$277.50	\$273.50	\$241.53
49	\$534.96	\$502.16	\$480.41	\$449.06	\$405.21	\$399.20	\$350.63	\$312.92	\$292.77	\$288.39	\$251.01
50	\$555.94	\$521.85	\$499.25	\$466.67	\$421.10	\$414.85	\$364.38	\$325.20	\$304.25	\$299.70	\$260.85
51	\$577.70	\$542.27	\$518.79	\$484.93	\$437.58	\$431.09	\$378.64	\$337.92	\$316.15	\$311.42	\$271.06
52	\$600.23	\$563.42	\$539.02	\$503.84	\$454.65	\$447.90	\$393.41	\$351.10	\$328.49	\$323.57	\$281.64
53	\$623.54	\$585.30	\$559.96	\$523.41	\$472.30	\$465.29	\$408.69	\$364.74	\$341.24	\$336.14	\$292.57
54	\$648.02	\$608.28	\$581.94	\$543.96	\$490.84	\$483.56	\$424.73	\$379.05	\$354.64	\$349.33	\$304.06
55	\$673.27	\$631.98	\$604.61	\$565.15	\$509.97	\$502.40	\$441.28	\$393.82	\$368.46	\$362.94	\$315.91
56	\$699.69	\$656.78	\$628.34	\$587.33	\$529.98	\$522.12	\$458.59	\$409.28	\$382.92	\$377.18	\$328.30
57	\$726.88	\$682.31	\$652.76	\$610.16	\$550.58	\$542.41	\$476.42	\$425.19	\$397.80	\$391.84	\$341.06
58	\$755.24	\$708.93	\$678.23	\$633.96	\$572.06	\$563.57	\$495.01	\$443.32	\$407.13	\$401.13	\$354.37
59	\$784.77	\$736.64	\$704.74	\$658.75	\$594.43	\$585.40	\$514.36	\$459.05	\$423.05	\$416.88	\$368.22
60	\$815.46	\$765.45	\$732.30	\$684.51	\$617.67	\$608.51	\$534.47	\$477.00	\$440.27	\$433.99	\$382.62
61	\$847.32	\$795.35	\$760.91	\$711.24	\$641.81	\$632.28	\$555.35	\$495.63	\$456.77	\$450.74	\$397.56
62	\$847.32	\$795.35	\$760.91	\$711.24	\$641.81	\$632.28	\$555.35	\$495.63	\$456.77	\$450.74	\$397.56
63	\$847.32	\$795.35	\$760.91	\$711.24	\$641.81	\$632.28	\$555.35	\$495.63	\$456.77	\$450.74	\$397.56
64+	\$847.32	\$795.35	\$760.91	\$711.24	\$641.81	\$632.28	\$555.35	\$495.63	\$456.77	\$450.74	\$397.56





**KAISER PERMANENTE®**

Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc.  
2101 East Jefferson Street Rockville, Maryland 20852

May 1, 2015

Mr. Efren Tanhehco  
Supervisory Actuary  
Department of Insurance and Securities  
Insurance Product Division  
810 First Street, N.E.  
Washington, DC 20002

Re: NAIC #: 95639  
HIOS Issuer ID 94506  
Individual On-Exchange Rate Filing  
Filing #1

Dear Mr. Tanhehco,

Attached is the Individual on-exchange rate filing for Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc. (Kaiser) for a premium rate change effective January 1, 2016. Kaiser is an HMO company and offers traditional HMO copayment plans covering medical and pharmacy claims expenses. Kaiser also offers Deductible and High Deductible plans, some of which are HSA qualified.

The overall impact to the index rate is -0.1%.

Sincerely,

Stephen Chuang  
Actuarial Analyst  
Kaiser Foundation Health Plan, Inc.  
Phone: 301-816-5854  
Fax: 301-816-7124  
Email: [stephen.chuang@kp.org](mailto:stephen.chuang@kp.org)

## Rate Filing Justification Part II (Plain Language Summary)

Pursuant to 45 CFR 154.215, health insurance issuers are required to file Rate Filing Justifications. Part II of the Rate Filing Justification for rate increases and new submissions must contain a written description that includes a simple and brief narrative describing the data and assumptions that were used to develop the proposed rates. The Part II template below must be filled out and uploaded as an Adobe PDF or Microsoft Word file.

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Name of Company\_\_\_\_\_

SERFF tracking number\_\_\_\_\_

Submission Date\_\_\_\_\_

Product Name\_\_\_\_\_

Market Type (Individual/Small Group)\_\_\_\_\_

Rate Filing Type (Rate Increase / New Filing)\_\_\_\_\_

### Scope and Range of the Increase:

The \_\_\_\_\_% increase is requested because:

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This filing will impact:

# of D.C. policyholders\_\_\_\_\_ # of D.C. covered lives\_\_\_\_\_

The average, minimum, and maximum rate changes increases are:

- Average Rate Change: The average premium change, by percentage, across all policy holders if the filing is approved \_\_\_\_\_%
- Minimum Rate Change: The smallest premium increase (or largest decrease), by percentage, that any one policy holder would experience if the filing is approved \_\_\_\_\_%
- Maximum Rate Change: The largest premium increase, by percentage, that any one policy holder would experience if the filing is approved \_\_\_\_\_%

Individuals within the group may vary from the aggregate of the above increase components as a result

of:\_\_\_\_\_

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### Financial Experience of Product

The overall financial experience of the product includes:

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The rate increase will affect the projected financial experience of the product by:

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### Components of Increase

The request is made up of the following components:

*Trend Increases* – \_\_\_\_\_% of the \_\_\_\_\_% total filed increase

1. Medical Utilization Changes – Defined as the increase in total plan claim costs not attributable to changes in the unit cost of underlying services, or renegotiation of provider contracts. Examples include changes in the mix of services utilized, or an increase/decrease in the frequency of service utilization.

This component is \_\_\_\_\_% of the \_\_\_\_\_% total filed increase.

2. Medical Price Changes – Defined as the increase in total plan claim costs attributable to changes in the unit cost of underlying services, or renegotiation of provider contracts.

This component is \_\_\_\_\_% of the \_\_\_\_\_% total filed increase.

*Other Increases* – \_\_\_\_\_% of the \_\_\_\_\_% total filed increase

1. Medical Benefit Changes Required by Law – Defined as any new mandated plan benefit changes, as mandated by either State or Federal Regulation.

This component is \_\_\_\_\_% of the \_\_\_\_\_% total filed increase.

2. Medical Benefit Changes Not Required by Law – Defined as changes in plan benefit design made by the company, which are not required by either State or Federal Regulation.

This component is \_\_\_\_\_% of the \_\_\_\_\_% total filed increase.

3. Changes to Administration Costs – Defined as increases in the costs of providing insurance coverage. Examples include claims payment expenses, distribution costs, taxes, and general business expenses such as rent, salaries, and overhead.

This component is \_\_\_\_\_% of the \_\_\_\_\_% total filed increase.

4. Changes to Profit Margin – Defined as increases to company surplus or changes as an additional margin to cover the risk of the company.

This component is \_\_\_\_\_% of the \_\_\_\_\_% total filed increase.

5. Other – Defined as:

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This component is \_\_\_\_\_% of the \_\_\_\_\_% total filed increase.

Please provide Company specific inputs for any cells shaded in blue that currently has dummy variables.

**Purpose, Scope, and Reason for Rate Increase**

Insurance Company Name	Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc.
HIOS ID	94506
SERFF Filing Number	KPMA-130060461
Date of Submission	5/1/2015
Proposed Effective Date	1/1/2016

	Before Rate Increase	After Rate Increase
Average annual premium per policy	\$3,943	\$4,290

Proposed Overall Rate Change	-0.10%
Proposed Minimum Rate Change	2.80%
Proposed Maximum Rate Change	12.30%

Relationship of Proposed Rate Scale to Current Rate Scale Due to:

	Description	Relativity
Claims Experience	xxx	0.9625
Age / Gender	xxx	0.9965
Tier	xxx	1.0000
Geography	xxx	1.0000
Tobacco	xxx	1.0000
Benefit Plan Relativities	xxx	1.0000
Mandated Benefit Changes	xxx	1.0000
Non-Mandated Benefit Changes	xxx	1.0000
Other	xxx	1.0415
Total Average Relativity of Proposed vs. Current Scale		0.9990

**Annual Rate Change Distribution**

	Impacted # of Contracts	Impacted # of Members	Impacted # of Groups
Reduction of 15.00% or more	0	0	0
Reduction of 10.01% to 14.99%	0	0	0
Reduction of 5.01% to 10.00%	0	0	0
Reduction of 0.01% to 5.00%	0	0	0
No Change	0	0	0
Increase of 0.01% to 5.00%	132	149	0
Increase of 5.01% to 10.00%	1,118	1,254	0
Increase of 10.01% to 14.99%	277	311	0
Increase of 15.00% or more	0	0	0
Total	1,527	1,713	0

**History of Rate Changes**

Rate Effective Month and Year:	Average Annual Proposed Rate Change	Average Annual Approved Rate Change
2013	NA	NA
2014	NA	NA
2015	NA	NA

**Experience Period Used in Rate Development**

General Description of Experience Used in Rate Development (may be different than experience shown in URR)	The Revenue Requirement for 2016 for the new ACA plans is developed by accumulating District of Columbia-specific medical and administrative expenses for essential health benefits (EHB) for non-grandfathered business in the Child-Only, Conversion, Due Subsidy, Individually Medically Underwritten and Small Group
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Does experience include pools/blocks of business not affected by proposed rate change? No (Yes or No)

	Incurred From Month/Year	Incurred To Month/Year
Time period used for Experience Data in Rate Development	1/1/2014	12/31/2014

Total Written Premium in Experience Period	\$17,039,097.73
Total Earned Premium in Experience Period	\$16,976,567
Total Incurred Claims in Experience Period	\$17,638,014
Loss Ratio	103.90%

Paid Through Date For Claims	12/31/2014
IBNR as % of Incurred Claims	7.57%
IBNR as # of Months of Paid Claims	0.91

Number of Contracts/Policyholders	1,527
Number of Covered Lives	1,713

Service Category	Incurred Claims \$ PMPM	% Incurred
Inpatient Facility	\$58.62	18.2%
Outpatient Facility	\$44.80	13.9%
Professional	\$156.60	48.6%
Prescription Drugs	\$56.01	17.4%
Capitation and Other Provider Payments	\$1.16	0.4%
Other	\$4.74	1.5%
Total	\$321.92	

#### Credibility Analysis

Assumed Experience Credibility %	100.00%
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Description of Credibility Formula and the Theoretical Basis for Use	NA
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#### Alternative Data Sources

Description of Any Alternative Experience Data Used in Rate Development	NA
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Description of Any Manual Rate Data Used in Rate Development	NA
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#### Retention

	PMPM in effect during the experience period	PMPM from Most Recent Approved Rate Filing	Proposed PMPM for Effective Date
Payroll and Benefits	\$13.34	\$13.34	\$14.29
Outsourced Services (EDP, claims, etc.)	\$2.32	\$2.32	\$2.48
Auditing and consulting	\$0.51	\$0.51	\$0.54
Marketing & Advertising	\$1.26	\$1.26	\$1.35
Legal Expenses	\$0.00	\$0.00	\$0.00
Other General Admin Expense	\$11.84	\$11.84	\$12.68
Commissions & Brokers Fees	\$18.39	\$18.39	\$19.69
Taxes, Licenses & Fees	\$8.83	\$8.83	\$9.19
Reinsurance	\$0.00	\$0.00	\$0.00
Profit/Risk Margin	\$3.06	\$3.06	\$7.97

	As % of Premium during the experience period	As % of Premium from Most Recent Approved Rate Filing	Proposed As % of Premium for Effective Date
Payroll and Benefits	4.35%	4.35%	4.48%
Outsourced Services (EDP, claims, etc.)	0.76%	0.76%	0.78%
Auditing and consulting	0.17%	0.17%	0.17%
Marketing & Advertising	0.41%	0.41%	0.42%
Legal Expenses	0.00%	0.00%	0.00%
Other General Admin Expense	3.86%	3.86%	3.98%
Commissions & Brokers Fees	6.00%	6.00%	6.18%
Taxes, Licenses & Fees	2.88%	2.88%	2.88%
Reinsurance	0.00%	0.00%	0.00%
Profit/Risk Margin	1.00%	1.00%	2.50%

#### Trend & Projection Assumptions

	Adjustm		
	Util. Adjustments to Current Rate		
Service Category	Util/1000 Trend	Benefit Plan Change	Population Change
Inpatient Facility	1.0050	1.0030	0.9921
Outpatient Facility	1.0250	1.0029	0.9921
Professional	1.0150	1.0005	0.9921
Prescription Drugs	1.0200	1.0015	0.9921
Capitation and Other Provider Payments	1.0000	1.0000	1.0000
Other	1.0150	1.0043	0.9921

	Adjust		
	Util. Adjustments to Current Rate		
Service Category	Util/1000 Trend	Benefit Plan Change	Population Change
Inpatient Facility	1.0050	1.0030	0.9921
Outpatient Facility	1.0250	1.0029	0.9921
Professional	1.0150	1.0005	0.9921
Prescription Drugs	1.0200	1.0015	0.9921
Capitation and Other Provider Payments	1.0000	1.0000	1.0000

Other	1.0150	1.0043	0.9921
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Service Category	Incurred Claims \$ PMPM	Medical Trend
Inpatient Facility	\$58.62	1.05523
Outpatient Facility	\$44.80	1.09552
Professional	\$156.60	1.02463
Prescription Drugs	\$56.01	1.05554
Capitation and Other Provider Payments	\$1.16	1.00000
Other	\$4.74	1.10579
Aggregate	\$321.92	1.046550273

Monthly Trend Analysis Based on Experience Data Time Period used for Rate Development	Month	Monthly Incurred Claims	
		Member Months	\$ PMPM
		0	\$0.00
		0	\$0.00
		0	\$0.00
		0	\$0.00
		0	\$0.00
		0	\$0.00
		0	\$0.00
		0	\$0.00
		0	\$0.00
		0	\$0.00
		0	\$0.00
		0	\$0.00
		0	\$0.00
		0	\$0.00
		0	\$0.00
		0	\$0.00
		0	\$0.00
		0	\$0.00
		0	\$0.00
		0	\$0.00
		0	\$0.00
		0	\$0.00
	<copy formula if more months used>	0	\$0.00
	Jan-2014	4,180	\$327.33
	Feb-2014	4,318	\$321.09
	Mar-2014	4,356	\$316.41
	Apr-2014	4,455	\$302.05
	May-2014	4,731	\$257.36
	Jun-2014	4,675	\$321.03
	Jul-2014	4,654	\$433.80
	Aug-2014	4,648	\$212.52
	Sep-2014	4,658	\$359.58
	Oct-2014	4,699	\$340.11
	Nov-2014	4,716	\$337.56
	Dec-2014	4,701	\$333.87
	Dec-2014	4,701	\$333.87

### Solvency

	Most Recent Quarterly Financial Statement	Most Recent Annual Financial Statement
Total Adjusted Capital	0	0
Authorized Control Level	0	0
RBC Ratio		

### Loss Ratio

Time Period	Period Beginning Date	Period Ending Date	Member Months
Historical Year -4	1/1/2015	1/1/2015	0
Historical Year -3	1/1/2015	1/1/2015	0
Historical Year -2	1/1/2015	1/1/2015	0
Historical Year -1	1/1/2015	1/1/2015	0
Historical Year 0	1/1/2015	1/1/2015	0
<b>Historical Totals</b>			0

Interim Time Period	1/1/2015	1/1/2015	0
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Future Year 1	1/1/2015	1/1/2015	0
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Anticipated Federal loss ratio standard in market

>81.5%

Justification for relationship of Federal MLR standard and the projected future loss ratio including detailed break down of adjustments

Based on a target admin percentage of 21.4%, which includes a 2.5% capital contribution margin, we

**Note:**

The historical time periods should represent calendar years since the inception date of the plan type through the most recent date available allowing for the appropriate amount of run-out. □  
 In instances where the start dates and end dates do not line up with a calendar year, partial years should be used.  
 The interim time period the time between the end date of the "Most Recent Date Available" and the rate effective date.  
 The future year should represent the 12 months immediately following the rate effective date.

**Consumer Adjusted Premium Rate Development**

Index Rate for Projected Period PMPM	\$353.56
Risk Adjustment PMPM	\$0.00
Net Reinsurance Contributions PMPM	\$0.00
Exchange User Fees PMPM	\$0.00
Market Adjusted Index Rate PMPM	\$353.56

Product	Individual HMO On Exchange	Individual HMO On Exchange	Individual HMO On Exchange
Product ID	94056DC039	94056DC039	94056DC039
Plan ID	94506DC0390001	94506DC0390002	94506DC0390011
Metal Tier	Platinum	Gold	Gold
Metal AV Value	0.880	0.813	0.787
Pricing AV Value	1.115	1.046	1.001
Projected Member Months	5772	2924	2924
Market Adjusted Index Rate PMPM	\$353.56	\$353.56	\$353.56
Plan Adjustments (in multiplicative format)			
Actuarial value and cost-sharing design of the plan	0.862	0.809	0.774
Provider network, delivery system characteristics and utilization management practices	1.000	1.000	1.000
Plan benefits in addition to EHB	1.017	1.017	1.017
Expected impact of special eligibility categories (only for catastrophic plans)	1.000	1.000	1.000
Plan Adjustments (in % format)			
Distribution and administration costs	21.4%	21.4%	21.4%
Plan Adjusted Index Rate	\$394.14	\$369.97	\$353.94
Age Calibration Factor	1.015	1.015	1.015
Geography Calibration Factor	1.000	1.000	1.000
Aggregate Calibration Factor	1.015	1.015	1.015
Consumer Adjusted Premium Rate PMPM	\$388.50	\$364.67	\$348.88





Product-Plan Data Collection

Company Legal Name:  
HIOS Issuer ID:  
Effective Date of Rate Change(s):

Kaiser Foundation Health Plan of the Mid-Atlantic States, Inc.  
94506  
1/1/2016

State: DC  
Market: Individual

Product/Plan Level Calculations

Section I: General Product and Plan Information

Product	Individual HMO On Exchange												Terminated Plans
Product ID:	94506DC0390000												94506DC0380001
Metal:	Platinum	Gold	Gold	Gold	Silver	Silver	Bronze	Bronze	Bronze	Catastrophic	Catastrophic		
AV Metal Value	0.880	0.813	0.787	0.795	0.692	0.715	0.683	0.618	0.614	0.606	0.585	0.700	
AV Pricing Value	1.115	1.046	1.001	0.936	0.844	0.832	0.731	0.652	0.610	0.601	0.581	0.800	
Plan Type:	HMO	HMO	HMO	HMO	HMO	HMO	HMO	HMO	HMO	HMO	HMO	HMO	
Plan Name:	KP DC STD	KP DC Gold	KP DC STD Gold	KP DC Gold	KP DC Silver	KP DC Silver	KP DC Bronze	KP DC Bronze	KP DC Bronze	KP DC Catastrophic	KP DC Catastrophic		
Plan ID (Standard Component ID):	94506DC0390001	94506DC0390002	94506DC0390011	94506DC0390010	94506DC0390005	94506DC0390004	94506DC0390006	94506DC0390007	94506DC0390009	94506DC0390010	94506DC0390008	94506DC0380001	
Exchange Plan?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	
Historical Rate Increase - Calendar Year - 2													10.10%
Historical Rate Increase - Calendar Year - 1													7.40%
Historical Rate Increase - Calendar Year 0													7.20%
Effective Date of Proposed Rates:	1/1/2016	1/1/2016	1/1/2016	1/1/2016	1/1/2016	1/1/2016	1/1/2016	1/1/2016	1/1/2016	1/1/2016	1/1/2016	1/1/2016	
Rate Change % (over prior filing)	9.39%	9.39%	9.39%	9.39%	9.39%	9.39%	9.39%	9.39%	9.39%	9.39%	9.39%	9.39%	0.00%
Cumulative Rate Change % (over 12 mos prior)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Proj'd Per Rate Change % (over Expir. Period)	5.06%	6.01%	#DIV/0!	5.66%	5.41%	8.07%	-0.39%	7.89%	4.51%	5.93%	8.84%	-100.00%	
Product Threshold Rate Increase %													#VALUE!

Section II: Components of Premium Increase (PMPM Dollar Amount above Current Average Rate PMPM)

Plan ID (Standard Component ID):	Total	94506DC0390001	94506DC0390002	94506DC0390011	94506DC0390010	94506DC0390005	94506DC0390004	94506DC0390006	94506DC0390007	94506DC0390009	94506DC0390010	94506DC0390008	94506DC0380001
Inpatient	\$1.33	\$0.48	\$0.48	\$0.00	\$0.39	\$0.39	\$0.39	\$0.39	\$0.39	\$0.39	\$0.39	\$0.39	\$0.00
Outpatient	\$0.35	\$0.08	\$0.08	\$0.00	\$0.13	\$0.13	\$0.13	\$0.13	\$0.13	\$0.13	\$0.13	\$0.13	\$0.00
Professional	\$2.14	\$0.48	\$0.48	\$0.00	\$0.76	\$0.76	\$0.76	\$0.76	\$0.76	\$0.76	\$0.76	\$0.76	\$0.00
Prescription Drug	\$3.79	\$1.57	\$1.57	\$0.00	\$1.59	\$1.59	\$1.59	\$1.59	\$1.59	\$1.59	\$1.59	\$1.59	\$0.00
Other	\$0.94	\$0.94	\$0.94	\$0.00	\$0.94	\$0.94	\$0.94	\$0.94	\$0.94	\$0.94	\$0.94	\$0.94	\$0.00
Capitation	\$0.04	\$0.15	\$0.15	\$0.00	\$0.13	\$0.13	\$0.13	\$0.13	\$0.13	\$0.13	\$0.13	\$0.13	\$0.00
Administration	\$1.79	\$0.58	\$0.58	\$0.00	\$0.66	\$0.66	\$0.66	\$0.66	\$0.66	\$0.66	\$0.66	\$0.66	\$0.00
Taxes & Fees	\$0.32	\$1.36	\$1.36	\$0.00	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15	\$0.00
Risk & Profit Charge	\$0.28	\$1.18	\$1.18	\$0.00	\$0.99	\$0.99	\$0.99	\$0.99	\$0.99	\$0.99	\$0.99	\$0.99	\$0.00
Total Rate Increase	\$7.70	\$3.43	\$3.43	\$0.00	\$2.87	\$2.87	\$2.87	\$2.87	\$2.87	\$2.87	\$2.87	\$2.87	\$0.00
Member Cost Share Increase	\$1.21	\$1.76	\$0.70	\$0.00	\$0.09	\$0.09	\$0.09	\$0.09	\$0.09	\$0.09	\$0.09	\$0.09	\$0.00

Average Current Rate PMPM	\$296.29	\$373.91	\$347.83	\$364.03	\$312.09	\$282.28	\$271.26	\$258.49	\$212.97	\$205.71	\$199.91	\$169.35	
Projected Member Months	81,598	5,772	2,924	2,924	2,924	3,599	3,599	3,599	2,060	2,060	2,060	77	

Section III: Experience Period Information

Plan ID (Standard Component ID):	Total	94506DC0390001	94506DC0390002	94506DC0390011	94506DC0390010	94506DC0390005	94506DC0390004	94506DC0390006	94506DC0390007	94506DC0390009	94506DC0390010	94506DC0390008	94506DC0380001
Plan Adjusted Index Rate	\$308.46	\$308.82	\$308.82		\$322.03	\$320.27	\$320.90	\$306.37	\$319.76	\$322.36	\$306.28	\$374.74	\$309.85
Member Months	54,790	2,977	2,817		1,708	2,884	1,271	1,414	1,645	792	751	39	38,492
Total Premium (TP)	\$16,900,629	\$1,148,593	\$1,011,059	\$0	\$550,029	\$840,037	\$355,751	\$377,153	\$361,502	\$168,110	\$154,915	\$6,815	\$11,926,666
EHB Percent of TP, [see instructions]	98.67%	98.67%	98.67%		98.67%	98.67%	98.67%	98.67%	98.67%	98.67%	98.67%	98.67%	98.67%
State mandated benefits portion of TP that are other than EHB	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other benefits portion of TP	1.33%	1.33%	1.33%	100.00%	1.33%	1.33%	1.33%	1.33%	1.33%	1.33%	1.33%	1.33%	1.33%
Total Allowed Claims (TAC)	\$17,638,014	\$1,130,942	\$1,056,068		\$641,436	\$1,049,139	\$458,416	\$499,309	\$539,365	\$255,578	\$240,458	\$12,359	\$11,754,942
EHB Percent of TAC, [see instructions]	98.67%	98.67%	98.67%		98.67%	98.67%	98.67%	98.67%	98.67%	98.67%	98.67%	98.67%	98.67%
State mandated benefits portion of TAC that are other than EHB	0.00%	0.00%	0.00%		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other benefits portion of TAC	1.33%	1.33%	1.33%	100.00%	1.33%	1.33%	1.33%	1.33%	1.33%	1.33%	1.33%	1.33%	1.33%
Allowed Claims which are not the issuer's obligation	\$1,942,634	\$180,325	\$226,835		\$197,073	\$381,076	\$177,404	\$203,950	\$267,403	\$130,146	\$125,686	\$6,837	\$45,898
Portion of above payable by HHS on behalf of insured person, in dollars	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Portion of above payable by HHS on behalf of insured person, as %	0.00%	0.00%	0.00%	#DIV/0!	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total incurred claims, payable with issuer funds	\$15,695,380	\$950,618	\$829,233	\$0	\$444,363	\$668,064	\$281,012	\$295,359	\$271,962	\$125,431	\$114,772	\$5,522	\$11,709,044
Net Amt of Reim	\$262,701.64	\$48,167.86	\$45,579.06	\$0.00	\$27,635.44	\$46,663.12	\$20,564.78	\$22,878.52	\$26,636.10	\$12,814.56	\$12,151.18	\$631.02	
Net Amt of Risk Adj	\$363,119.44	\$66,327.56	\$62,762.76	\$0.00	\$38,054.24	\$64,255.52	\$28,317.88	\$31,503.92	\$36,650.60	\$17,645.76	\$16,732.28	\$868.92	
Incurred Claims PMPM	\$286.46	\$319.32	\$294.37	#DIV/0!	\$260.17	\$231.64	\$221.10	\$208.88	\$165.33	\$158.37	\$152.83	\$141.58	\$304.19
Allowed Claims PMPM	\$312.92	\$373.91	\$347.83	#DIV/0!	\$312.09	\$282.28	\$271.26	\$258.49	\$212.97	\$205.71	\$199.91	\$169.35	\$309.85
EHB portion of Allowed Claims, PMPM	\$317.63	\$374.83	\$369.90	#DIV/0!	\$310.54	\$283.93	\$273.87	\$260.41	\$213.51	\$206.40	\$200.00	\$167.07	\$301.32

Section IV: Projected (12 months following effective date)

Plan ID (Standard Component ID):	Total	94506DC0390001	94506DC0390002	94506DC0390011	94506DC0390010	94506DC0390005	94506DC0390004	94506DC0390006	94506DC0390007	94506DC0390009	94506DC0390010	94506DC0390008	94506DC0380001
Plan Adjusted Index Rate	\$318.74	\$405.35	\$380.49	\$364.03	\$340.76	\$307.03	\$302.48	\$265.68	\$237.11	\$221.83	\$218.53	\$190.19	
Member Months	81,598	5,772	2,924	2,924	2,924	3,599	3,599	3,599	2,060	2,060	2,060	77	
Total Premium (TP)	\$10,071,473	\$2,339,662	\$1,112,551	\$1,064,372	\$994,507	\$1,105,011	\$1,088,610	\$956,166	\$488,438	\$456,976	\$450,137	\$14,645	\$0
EHB Percent of TP, [see instructions]	98.34%	98.34%	98.34%	98.34%	98.34%	98.34%	98.34%	98.34%	98.34%	98.34%	98.34%	98.34%	
State mandated benefits portion of TP that are other than EHB	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Other benefits portion of TP	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	100.00%
Total Allowed Claims (TAC)	\$10,809,790	\$2,061,858	\$1,032,793	\$1,036,228	\$1,032,986	\$1,245,877	\$1,241,355	\$1,189,818	\$662,825	\$641,949	\$641,143	\$22,960	
EHB Percent of TAC, [see instructions]	98.34%	98.34%	98.34%	98.34%	98.34%	98.34%	98.34%	98.34%	98.34%	98.34%	98.34%	98.34%	
State mandated benefits portion of TAC that are other than EHB	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Other benefits portion of TAC	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	100.00%
Allowed Claims which are not the issuer's obligation	\$2,894,295	\$203,346	\$151,325	\$194,547	\$248,671	\$379,247	\$388,269	\$446,108	\$285,742	\$290,848	\$295,688	\$10,505	
Portion of above payable by HHS on behalf of insured person, in dollars	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Portion of above payable by HHS on behalf of insured person, as %	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	#DIV/0!
Total incurred claims, payable with issuer funds	\$7,915,495	\$1,858,513	\$881,468	\$841,681	\$784,315	\$866,630	\$853,086	\$743,710	\$377,083	\$351,101	\$345,453	\$12,456	\$0

Net Amrt of Reim	\$157,586	\$28,786	\$14,583	\$14,583	\$14,583	\$17,949	\$17,949	\$17,949	\$10,274	\$10,274	\$10,274	\$384	
Net Amrt of Risk Adj	\$245,538	\$44,852	\$22,722	\$22,722	\$22,722	\$27,967	\$27,967	\$27,967	\$16,008	\$16,008	\$16,008	\$598	